Annual Financial Report

VERMONT

Fiscal Year Ended June 30, 1988

BUDGET AND MANAGEMENT
(802) 828-2376

FINANCIAL OPERATIONS
(802) 828-2311

STATE OF VERMONT
DEPARTMENT OF FINANCE AND MANAGEMENT
MONTPELIER, VERMONT 05602

December 1, 1988

Honorable Madeleine M. Kunin, Governor;
Honorable Thomas P. Menson, Secretary of Administration;
Honorable Members of the General Assembly;
and the General Public:

In accordance with the provisions of Title 32, Vermont Statutes Annotated, Sections 101 and 182, we hereby submit, within the limitations of cash basis accounting, the state's financial activities for the fiscal year ending June 30, 1988. This report shows the major sources of revenue, the broad purposes of expenditures, and the condition and comparisons of funds with the prior year.

In a continuing commitment towards presenting the state's financial condition in conformance with generally accepted accounting principles, we annually evaluate quasi-state organizations, based on criteria prescribed by the Governmental Accounting Standards Board for those organizations dependent on or controlled by the state. Based on this criteria, we included the State Treasurer administered retirement systems and trust funds for the first time in the state's annual financial report for Fiscal Year 1987. This year, we have added the Vermont Home Mortgage Guarantee Board. The plan is to continue evaluating quasi-state organizations for inclusion in future annual financial reports of the state.

In conclusion, we want to express our appreciation to all who assisted and contributed to the preparation of this report.

Respectfully submitted,

Patricia S. Walton

PATRICIA S. WALTON
Commissioner
Finance & Management

Emory A. Hebard

EMORY A. HEBARD
State Treasurer

State of Vermont
Annual Financial Report
For the Fiscal Year Ended June 30, 1988

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FINANCIAL SECTION

ALEXANDER V. ACEBO
AUDITOR OF ACCOUNTS

MAURICE T. KEEFE
DEPUTY AUDITOR OF ACCOUNTS

STATE OF VERMONT
OFFICE OF AUDITOR OF ACCOUNTS
132 STATE STREET
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December 5, 1988

Speaker, House of Representatives
and
President Pro-Tem of the Senate
General Assembly, State of Vermont
State House
Montpelier, Vermont

We have audited the accompanying general purpose financial statements of the State of Vermont and the combining, individual fund, and account group financial statements of the State as of and for the year ended June 30, 1988, as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibilility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the State prepares its financial statements for all its governmental funds, with certain exceptions, on the basis of cash receipts and disbursements. The State's governmental funds include the General Fund, Transportation Fund, Fish and Wildlife Fund, Special Fund, Federal Revenue Fund and Capital Projects Funds. This practice differs from generally accepted accounting principles and is therefore not in accordance with the State's statutes governing the preparation of its annual financial reports. Accordingly, the accompanying financial statements for the aforementioned governmental funds are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

As described more fully in Note 1, the financial activities of the Vermont State College system and various State-created boards and authorities are not included in the financial statements referred to above nor has the State made a determination as to whether these other entities should be included therein to conform to generally accepted accounting principles.

As described more fully in Note 1, the financial statements referred to above do not include a Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual for the General and Special Revenue Funds as required by generally accepted accounting principles.

As described in Note 1, the State includes in its Long-Term Debt Account Group only those long-term liabilities for the payment of general obligation bonds and notes. It does not include a liability for any long-term portion of employees' earned accumulated vacation and other compensated leave benefits as required by generally accepted accounting principles.

As described in Note 1, the financial statements referred to above do not include a general fixed assets account group, which should be included to conform with generally accepted accounting principles. Because the State does not maintain accounting records for its general fixed assets, the amount that should be recorded in the general fixed assets account group is not known.

As described more fully in Note 5, the State has not reported all necessary disclosures related to its public employee retirement systems which are required by generally accepted accounting principles.

In our opinion, except for the matters referred to in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the assets and liabilities resulting from cash transactions of the governmental fund types and the financial positions of the proprietary and fiduciary fund types and long-term debt account group of the State of Vermont at June 30, 1988, and the governmental fund types' revenues collected and expenditures paid, and the results of operations of the proprietary and fiduciary fund types and the changes in financial position of the proprietary funds and similar trust funds for the year then ended, on the basis of accounting described in Note 1 for the governmental fund types and in conformity with generally accepted accounting principles for the proprietary and fiduciary fund types.

As discussed in Note 10, the State redefined its reporting entity to include the Vermont Home Mortgage Guarantee Board in fiscal year 1988.

Auditor of Accounts

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GENERAL PURPOSE COMBINED FINANCIAL STATEMENTS

STATE OF VERMONT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1988

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS			
Cash and Temporary Investments (Note 1)	$ 79,282,847	$ 30,883,889	$ 15,409,141
Investments (Note 3)			
Receivables:			
Accounts (Net)			
Contributions			
Investment Principal and Interest			
Loans			
Other			
Unreimbursed Charges to Federal Aid Accounts (Note 1)		11,060,129	
Inventories, at Cost (Note 1)			
Prepaid Expenses			
Restricted and Other Assets			
Fixed Assets (Net Book Value) (Note 4)			
Amount to Be Provided for Retirement of General Long-Term Debt			
Total Assets	$ 79,282,847	$ 41,944,019	$ 15,409,141
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payble	$	$	$
Transfers Payable			
Accrued Payroll and Benefits			
Installments Payable on Equipment Purchases (Current) (Note 1)			
Deferred Revenue			
Revenue Collected in Advance			
Due to Clients and Agents			
Due to Depositories			
Amounts Held in Custody for Others			
Other Liabilities			
Payable from Restricted Assets			
Installments Payable on Equipment Purchases (Non-Current) (Note 1)			
General Obligation Bonds and Notes Payable (Note 8)			
Total Liabilities	$	$	$
Fund Equity (Notes 1, 2 and 10):			
Contributed Capital	$	$	$
Retained Earnings - Unreserved			
Fund Balances:			
Reserved for Encumbrances	2,423,990	15,465,318	7,978,240
Reserved for Amortization of Debt Service	951,384		
Reserved for Loans			
Reserved for Endowments			
Reserved for Pension Benefits			
Reserved for Unemployment Compensation Benefits			
Reserved for Contingencies			
Unreserved - Designated For:			
Continuing Appropriations	2,220,432	22,242,550	7,430,901
Subsequent Year Appropriations	42,782,601		
Stabilization Trust Fund	5,000,000		
Reduction of Unissued Authorized General Fund Bonds	12,904,439		
Other Specific Purposes	13,000,000	4,230,991	
Unreserved - Undesignated		5,159	
Total Fund Equity	$ 79,282,847	$ 41,944,019	$ 15,409,141
Total Liabilities and Fund Equity	$ 79,282,847	$ 41,944,019	$ 15,409,141

The accompanying notes are an integral part of the financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Group	Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Long-Term Debt	June 30, 1988	June 30, 1987
$ 941,343	$ (2,895,377)	$159,584,605	$	$ 283,206,451	$ 231,468,728
3,839,708		620,539,140		624,378,848	549,786,169
142,183	1,502,970			1,645,153	1,145,172
		17,989,724		17,989,724	19,714,184
190,193		13,174,207		13,364,401	10,474,202
		1,533,383		1,533,383	959,871
		149,581		149,581	91,239
				11,060,129	19,332,985
3,203,574	1,595,961			4,799,535	4,866,887
177,266	148,433			325,700	308,008
398,775	366,442			765,218	810,380
610,416	15,361,226			15,971,643	15,012,541
			217,395,000	217,395,000	252,635,000
$ 9,503,462	$ 16,079,657	$812,970,643	$217,395,000	$ 1,192,584,771	$ 1,106,605,369
$ 1,780,884	$ 650,370	$ 8,593,711	$	$ 11,024,967	$ 5,619,050
					136,374
407,499	478,272			885,771	798,292
	1,728,306			1,728,306	1,930,979
		3,114,340		3,114,340	2,697,823
22,855				22,855	15,117
53,983				53,983	42,483
		445,928		445,928	501,036
		100,927,225		100,927,225	86,596,531
		288,087		288,087	261,590
398,775	100			398,875	374,029
	1,116,011			1,116,011	2,844,317
			217,395,000	217,395,000	252,635,000
$ 2,663,999	$ 3,973,061	$113,369,292	$ 217,395,000	$ 337,401,352	$ 354,452,625
$ 711,756	$ 7,787,027	$	$	$ 8,498,784	$ 7,619,516
6,127,705	4,319,568			10,447,274	8,752,725
				25,867,549	11,766,687
				951,384	1,037,820
		2,328,294		2,328,294	2,236,502
		21,487,442		21,487,442	19,796,509
		522,892,787		522,892,787	465,024,133
		152,464,176		152,464,176	110,225,177
		428,651		428,651	414,212
				31,893,884	57,924,668
				42,782,601	44,330,000
				5,000,000	8,233,136
				12,904,439	8,233,136
				17,230,991	377,326
				5,159	6,181,191
$ 6,839,462	$12,106,596	$699,601,351	$	$ 855,183,418	$ 752,152,744
$ 9,503,462	$16,079,657	$812,970,643	$217,395,000	$ 1,192,584,771	$1,106,605,369

STATE OF VERMONT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	GOVERNMENTAL FUND TYPES	
	General	Special Revenue
REVENUE RECEIPTS:		
Earnings of Departments:		
Contributions	$	$
Fees	2,124,067	7,075,357
Rents and Leases	20,276	5,806,707
Sales of Commodities	233,496	15,897,063
Sales of Service	1,238,615	69,435,148
Federal Grants		283,599,920
Fines, Forfeits and Penalties	6,423,785	405,498
Insurance Premiums Collected		
Interest and Premiums	4,350,804	1,488,405
Investment Income		
Lottery Transfer	10,612,975	
Licenses:		
Business	2,044,932	1,821,700
Non-Business	74,150	32,648,371
Special Assessments	2,697,194	10,727,727
Taxes	489,066,721	82,379,571
Other	16,200	17,860,024
Total Revenue Receipts	$518,903,221	$529,145,495
BUDGETARY DISBURSEMENTS:		
General Government	$ 26,437,020	$ 19,673,747
Protection to Persons and Property	34,672,165	30,222,564
Human Services	142,369,141	184,508,696
Manpower Services		15,440,618
Education	213,964,085	36,256,428
Environmental Conservation	10,458,106	16,161,216
Development and Community Affairs	6,628,377	9,940,613
Transportation		135,608,079
Public Service Enterprises		57,494,009
Debt Service	40,632,479	10,891,240
Property Tax Relief and Other Benefit Payments		
Insurance Claims		
Miscellaneous	8,928,000	14,831,952
Total Budgetary Disbursements	$484,089,376	$531,029,168
Excess of Revenues Over (Under) Expenditures	$ 34,813,844	$ (1,883,672)
Other Financing Sources (Uses):		
Proceeds from Sale of Bonds and Notes	$	$
Operating Transfers In	10,445,007	24,477,084
Operating Transfers Out	(31,993,437)	(12,153,441)
Increase (Decrease) in Receivables		(8,272,855)
Fund Additions		
Other Sources	195,276	3,347,860
Total Other Financing Sources (Uses)	$(21,353,153)	$ 7,398,647
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 13,460,690	$ 5,514,974
Fund Balances, July 1	65,822,156	36,429,044
Fund Balances, June 30	$ 79,282,847	$ 41,944,019

The accompanying notes are an integral part of the financial statements.

Capital Projects	FIDUCIARY FUND TYPE Expendable Trust	TOTALS (MEMORANDUM ONLY) 1988	1987
$	$ 56,550,932	$ 56,550,932	$ 61,748,069
		9,199,424	12,639,454
		5,826,983	5,474,110
		16,130,560	10,661,543
		70,673,763	63,703,998
		283,599,920	277,537,092
		6,829,284	8,782,732
	12,499,364	12,499,364	11,149,761
		5,839,210	6,546,266
	11,410,581	11,410,581	8,013,470
		10,612,975	7,987,876
		3,866,633	3,572,319
		32,722,521	31,937,599
	2,246,367	15,671,288	14,257,128
	3,628,645	575,074,938	532,300,846
	2,697,592	20,573,817	12,846,129
$	$ 89,033,482	$ 1,137,082,200	$ 1,069,158,398
$ 9,230,540	$	$ 55,341,308	$ 40,280,278
503,116		65,397,846	54,940,254
1,111,207		327,989,045	300,118,497
		15,440,618	15,745,053
10,136,561		260,357,075	219,465,764
7,226,946		33,846,269	28,521,001
232,244		16,801,235	14,672,434
90,548		135,698,628	148,176,864
		57,494,009	54,940,489
		51,523,720	45,497,770
	35,140,815	35,140,815	35,271,172
	12,961,172	12,961,172	10,564,715
	1,873,000	25,632,952	21,953,525
$ 28,531,164	$ 49,974,988	$ 1,093,624,698	$ 990,147,821
$(28,531,164)	$ 39,058,494	$ 43,457,501	$ 79,010,577
$	$	$	$ 24,095,930
8,233,136	11,302,846	54,458,073	37,891,448
(125,595)	(6,420,206)	(50,692,680)	(36,487,723)
		(8,272,855)	(2,067,675)
			2,542,883
		3,543,137	4,372,821
$ 8,107,540	$ 4,882,639	$ (964,325)	$ 30,347,685
$(20,423,623)	$ 43,941,134	$ 42,493,175	$ 109,358,262
35,832,765	130,048,220	268,132,187	158,773,925
$ 15,409,141	$ 173,989,354	$ 310,625,363	$ 268,132,187

STATE OF VERMONT
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES-ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
OPERATING REVENUES:		
Charges For Sales and Services	$ 30,986,513	$ 17,174,859
Investment Income		
Employer Contributions		
Employee Contributions		
Gain (Loss) on Investment Transactions		
Other Income		
Total Operating Revenues	$ 30,986,513	$ 17,174,859
OPERATING REVENUE DEDUCTIONS:		
Cost of Sales and Services	$ 24,320,238	$ 5,781,075
Operating Expenses:		
Salaries and Wages	349,973	3,219,355
Employee Benefits	64,933	514,499
Supplies and Parts	19,841	440,857
Data Processing Charges		32,969
Transportation	45,108	6,322
Warehouse Expense	331,544	
Depreciation	22,801	2,913,618
Rentals	17,120	413,310
Utilities	8,730	30,719
Stores and Agencies	3,330,291	
Promotions and Advertising	251,413	
Administrative Expenses	990,581	752,112
Distribution and Postage	139,657	2,357
Travel	16,144	
Loss (Gain) on Disposal of Equipment	(7,694)	(141,682)
Equipment Purchased for Agencies		378,463
Repairs and Maintenance		1,052,112
Interest Expense		408,874
Benefit Payments		
Refunds		
Loss on Bad Debts	564	
Loss on Guarantees	20,767	
Other Operating Expenses	49,532	364,937
Total Operating Revenue Deductions	$ 29,971,550	$ 16,169,903
Operating Income	$ 1,014,963	$ 1,004,955
NON-OPERATING REVENUES (EXPENSES):		
License Fees	$ 152,963	$
Sale of Mailing Lists	18,955	
Building and Office Equipment Rentals		68,696
Investment Income	287,436	41,678
Other Non-Operating Income	127,163	(1,255)
Inspection and Enforcement	(719,225)	
Legislative Appropriations	(327,645)	
Total Non-Operating Revenues (Expenses)	$ (460,351)	$ 109,119
Income Before Operating Transfers	$ 554,612	$ 1,114,074
Operating Transfers In (Out)		27,661
Net Income	$ 554,612	$ 1,141,735
Retained Earnings/Fund Balances, July 1, as Restated(Note 10)	5,573,093	3,179,632
Residual Equity Transfers Out		(1,800)
Retained Earnings/Fund Balances, June 30	$ 6,127,705	$ 4,319,568

The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
Non-Expendable Trust	Pension Trust	1988	1987
$	$	$ 48,161,373	$ 47,865,287
122,573	34,577,994	34,700,567	33,196,258
	35,873,107	35,873,107	34,124,243
	2,248,485	2,248,485	2,288,113
3,236	17,775,330	17,778,567	15,287,893
20,000	15,976	35,976	101
$ 145,810	$ 90,490,894	$138,798,077	$ 132,761,899
$	$	$ 30,101,313	$ 30,364,013
		3,569,328	3,253,679
		579,433	562,050
		460,698	343,203
		32,969	33,514
		51,431	58,925
		331,544	289,365
		2,936,419	2,566,585
		430,431	425,359
		39,449	40,577
		3,330,291	3,308,074
		251,413	196,122
	3,731,429	5,474,123	5,040,576
		142,014	119,635
		16,144	8,097
		(149,377)	(176,825)
		378,463	335,291
		1,052,112	1,216,327
		408,874	531,942
	25,611,931	25,611,931	23,695,463
	3,278,878	3,278,878	482,475
		564	2,647
		20,767	69,379
2,067		416,537	306,258
$ 2,067	$ 32,622,240	$ 78,765,760	$ 73,072,742
$ 143,743	$ 57,868,654	$ 60,032,316	$ 59,689,156
$	$	$ 152,963	$
		18,955	22,860
		68,696	63,279
		329,115	297,068
		125,908	132,168
		(719,225)	(672,975)
		(327,645)	(327,645)
$	$	$ (351,231)	$ (485,243)
$ 143,743	$ 57,868,654	$ 59,681,084	$ 59,203,913
(48,714)		(21,053)	1,959,718
$ 95,028	$ 57,868,654	$ 59,660,030	$ 61,163,631
2,624,180	465,024,133	476,401,039	415,237,408
		(1,800)	
$ 2,719,208	$522,892,787	$536,059,270	$ 476,401,039

STATE OF VERMONT
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Sources of Working Capital:		
Operations:		
Net Income	$ 554,612	$ 1,141,735
Items Not Requiring (Providing) Working Capital:		
Depreciation	184,193	2,957,550
Appreciation		(13,025)
Working Capital Provided by Operations	$ 738,805	$ 4,086,261
Contributions	7,821	869,766
Disposal of Equipment	19,726	441,039
Decrease in Restricted Assets		70,008
Total Sources of Working Capital	$ 766,353	$ 5,467,075
Uses of Working Capital:		
Increase in Restricted Assets	$	$
Acquisition of Equipment and Buildings	191,111	4,357,595
Reduction of Long-Term Liabilities		1,728,306
Investment in Agri-Mark Cooperative		
Total Uses of Working Capital	$ 191,111	$ 6,085,901
Net Increase in Working Capital	$ 575,242	$ (618,825)
Elements of Net Increase (Decrease) in Working Capital:		
Cash	$ 556,614	$(1,160,815)
Investments	431,594	
Receivables (Net of Allowances)	142,442	466,987
Inventories	(144,129)	76,777
Prepaid Expenses	(16,029)	33,721
Payables	(340,580)	(186,122)
Accrued Payroll and Benefits	(35,432)	(52,046)
Due to Agents	(11,499)	
Revenues Collected in Advance	(7,738)	
Installments Payable - Current Portion		202,672
Net Increase in Working Capital	$ 575,242	$ (618,825)

The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
Non-Expendable Trust	Pension Trust	1988	1987
$ 95,028	$ 57,868,654	$ 59,660,030	$ 61,163,631
		3,141,744	2,771,490
		(13,025)	(13,200)
$ 95,028	$ 57,868,654	$ 62,788,749	$ 63,921,922
		877,587	919,585
		460,765	147,343
		70,008	225,828
$ 95,028	$ 57,868,654	$ 64,197,111	$ 65,214,679
$	$	$	$ 95,787
		4,548,706	2,400,512
		1,728,306	1,940,485
			5,174
$	$	$ 6,277,013	$ 4,441,959
$ 95,028	$ 57,868,654	$ 57,920,098	$ 60,772,719
$ (623,209)	$ (383,308)	$ (1,610,719)	$ 9,073
8,351	60,175,734	60,615,680	50,739,218
573,512	2,818,873	4,001,815	(5,055,830)
		(67,351)	(306,588)
		17,691	(15,735)
136,374	(4,742,645)	(5,132,974)	15,558,676
		(87,479)	(41,141)
		(11,499)	3,017
		(7,738)	(9,295)
		202,672	(108,674)
$ 95,028	$ 57,868,654	$ 57,920,098	$ 60,772,719

Note 1 **Significant Accounting Policies**

A. **Financial Reporting Entity:**

The accompanying financial statements include the financial activities of those funds of the State of Vermont which are under the accounting control of the Commissioner of Finance and Management and the State Treasurer and also include the Unemployment Compensation Trust Fund and Contingent Fund which are maintained independently by the Department of Employment and Training, and the financial activities of the state-created Vermont Home Mortgage Guarantee Board.

Financial activities of the Vermont State College system and various other State-created boards and authorities which are generally financed and managed independently and which engage in significant governmental types of operations are not included in the accompanying financial statements. They are, however, currently being reviewed for their dependence on or control by the State based on budget adoption, taxing authority, outstanding debt secured by revenue or general obligations of the State and the State's obligation to fund any deficits that may occur. Any of these entities subsequently found to be controlled by or dependent on the State will be included in future financial reports of the State. However, the State's known contingent liabilities for guarantees on obligations of independent boards and authorities are detailed in note 12.

B. **Fund Structure:**

The accompanying financial statements are structured into three fund types and one account group. The general characteristics of the fund types and account group are:

Governmental Fund Types:

1. **General Fund** - By Act of the General Assembly, the General Fund is established as the basic operating fund of the State. The General Fund is required to be used to finance all expenditures for which no special revenues have otherwise been provided by law. All revenues received by the State and not otherwise required by law to be deposited in any other designated fund or used for any other designated purpose are deposited in the General Fund. Unexpended and/or unencumbered appropriation balances will, unless otherwise directed by law, revert to fund balance at the end of the fiscal year.

2. **Special Revenue Funds** - These Funds are used to account for specific revenues earmarked to finance particular or restricted programs and activities and include the following:

   -**Transportation Fund** - Revenues of this fund are used for state police, debt service requirements on Transportation Fund bonds, and the construction and maintenance of the highways of the State. There is placed in this fund for distribution to local governments that portion of the gas tax pertaining to State and town highways. Statutory provisions require that motor vehicle fees and motor fuel taxes must be expended exclusively for highway purposes and related activities. The principal sources of revenue in this fund are motor fuel taxes, licenses and permits for motor vehicles and reimbursements from the federal government for highway programs.

   -**Fish and Wildlife Fund** - Receipts are restricted by statute and can only be used for fish and wildlife purposes. The principal sources of revenue are license fees and federal grants.

   -**Federal Revenue Fund** - All federal grant receipts are recorded in the Federal Revenue Fund except for those federal funds specifically designated for highway or fish and wildlife purposes. Grants of the latter types are recorded in the State's Transportation Fund and Fish and Wildlife Fund, respectively.

   -**Special Fund** - This fund accounts for proceeds of specific revenues not categorized above that are legally restricted to expenditures for specified purposes.

3. **Capital Projects Funds** - These funds account for capital improvement appropriations which are or will be primarily funded by the issue of State bonds.

Proprietary Fund Types:

1. **Enterprise Funds** - These Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the State's intent is that the costs (expenses, including depreciation) of providing goods or services to the public be financed or recovered primarily through user charges; or (b) where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

2. **Internal Service Funds** - These Funds are used to account for the financing of goods or services provided by one State department or agency to other State departments or agencies, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Fund Types:

These funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. These funds include the following:

1. **Pension Trust Funds** - Used to account for the activities of the state-administered retirement systems.

2. **Nonexpendable Trust Funds** - Used to account for the activities of trusts whose income is used to fund the trust purpose but whose principal is to be maintained intact.

3. **Expendable Trust Funds** - Used to account for the activities of trusts whose principal and income may be used for purposes of the trust.

4. **Agency Funds** - Used to account for amounts held in trust for others. Agency Funds include such accounts as federal and State withholding taxes and other payroll deductions of State employees and for the State's matching contributions, deposits and remittances of municipal employees' and employers' social security payments and the deferred compensation and other income plans.

Account Group:

1. **General Long-Term Debt** - Long-term liabilities to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. This account group is not a "Fund". It is concerned only with the measurement of financial position and is not involved with the measurement of results of operations. The State of Vermont's General Long-Term Debt Account Group includes only those long-term liabilities for the retirement of general obligation bonds and notes.

   Contrary to generally accepted accounting principles, no accounting records are maintained and no statements are presented for the general fixed assets for governmental fund type operations of the State of Vermont. General fixed assets, if reported, would be presented in a separate self-balancing account group.

C. Basis of Accounting:

1. **Governmental Funds:**

   All governmental funds are accounted for and reported using the cash basis of accounting. This differs from reporting in accordance with generally accepted accounting principles as required by Title 32, Vermont Statutues Annotated, Section 182. Cash basis accounting recognizes transactions only when cash changes hands. No recognition is given to assets and liabilities or revenues and expenditures until cash has actually been received or disbursed. An exception to this policy is made in transportation fund reporting which recognizes an asset account "unreimbursed charges to federal aid accounts" which is representative of receivables due from the federal government. This presentation is consistent with the unique accounting for transportation fund expenditures which are eligible for federal reimbursement. Federal shares reimbursable are charged directly to federal aid appropriation accounts within the transportation fund at the time that expenditures are made. State appropriation accounts are charged only with the State's share of individual expenditures.

The following unreported and unaudited receivables and payables for certain governmental funds are estimated to exist at June 30, 1988 and June 30, 1987:

RECEIVABLES (UNAUDITED)

	June 30, 1988	June 30, 1987
General Fund	$ 34,625,592	$31,738,090
Transportation Fund	3,300,364	2,559,092
Total Estimated Receivables	$ 37,925,956	$34,297,182

PAYABLES (UNAUDITED)

General Fund	$21,396,545	$19,290,159
Transportation Fund	5,501,192	3,469,687
Fish and Wildlife Fund	114,614	151,550
Capital Projects Funds:		
General	634,548	969,050
Transportation	-0-	110,398
Total Estimated Payables	$27,646,899	$23,990,844

No estimates of possible unreported receivables and payables have been made for the Special Fund or the Federal Revenue Fund. These funds are made up of accounts whose balances are allowed to be retained or carried forward at the end of each fiscal year and whose disbursements are restricted to the purposes for which the accounts were created.

2. **Expendable Trust Funds and Agency Funds:**

The accounts of these funds are generally presented on a modified accrual basis. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized at the time fund liabilities are incurred.

3. **Proprietary Funds, Pension Funds and Nonexpendable Trust Funds:**

The accounts of these funds are presented on the accrual basis. Their revenues are recognized when earned and their expenses are recognized when the liability is incurred.

D. **Budgetary Process:**

The head of every State department, board or commission, and any officer or individual having in charge any activity for which funds are appropriated by the General Assembly, on or before September 1 preceding each biennium, is required to file with the Commissioner of Finance and Management statements showing in detail the amounts appropriated and expended for both the current and preceding fiscal year and the amount estimated for such activity to be necessary for the ensuing two fiscal years. The Commissioner of Finance and Management and the Secretary of Administration are then required to submit to the Governor by November 15 preceding each biennium, the estimates as received together with any other estimates, for the two ensuing fiscal years. The Governor submits to the General Assembly, not later than the third Tuesday of every regular session, a budget which shall embody estimates, requests and recommendations for appropriations or other authorizations for expenditures from the State Treasury for at least the succeeding fiscal year. The General Assembly then enacts into law an appropriations act which must be approved by the Governor before expenditures can be made. In recent years it has been the practice of the General Assembly to enact appropriations on an annual basis.

Budgets are prepared and appropriated on the cash basis and usually at the program level. The Governor may amend appropriations within limits established by statute. Budgetary control is maintained by the Agency of Administration by major object (i.e. personal services, operating expense, etc.) at the appropriation level. General, Transportation and Fish and Wildlife Fund appropriation balances revert to fund balance at the end of each fiscal year unless authorized to be carried forward to the following year by legislative act. Unexpended balances of capital projects, federal revenue and other special funds are available for expenditure in the following fiscal year.

The State also utilizes, to a limited degree, encumbrance accounting for governmental funds under which certain purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable unexpended appropriation. Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities. Reported encumbrances do not include all material commitments.

The State has not presented a Combined Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General and Special Revenue Fund Types, as required by generally accepted accounting principles, for the following reasons:

1. Appropriations for the current expenditures constitute spending authorizations for the current year. Unexpended appropriations which do not revert are carried forward to the succeeding year for use in that fiscal year. It is not practicable at this time to determine those actual expenditures that apply to current year appropriations and those expenditures that apply to the unexpended balance of prior year non-reverting appropriations.

2. Various grants accepted by the State are not included in the original budget. When accepted, they are budgeted by agency and not by revenue source and for that reason it is not practicable at this time to determine the restricted revenue sources.

E. **Cash and Temporary Investments:**

In addition to bank accounts and imprest cash, this classificiation includes short-term investments such as certificates of deposit, V.I.D.A. mortgage notes and repurchase agreements. The State pools substantially all cash and investments of governmental, proprietary and agency funds, except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Separate cash and investment accounts are generally maintained for pension, nonexpendable and expendable trust funds.

F. **Inventories:**

Inventories of materials and supplies of governmental funds are recorded as expenditures when purchased.

Inventories of the proprietary fund types are generally valued at the lower of average cost or market.

G. **Fixed Assets and Depreciation:**

No accounting records are maintained and no statements are presented for governmental general fixed assets.

Fixed assets in the proprietary funds are carried at cost and depreciation is recorded in the accounts of these funds over varying asset lives on the straight-line basis. When fixed assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. Except for the highway garage fund, significant renewals and betterments are capitalized and deduction is made for retirements resulting from the renewals or betterments. The highway garage fund generally follows a practice of charging all equipment repair, modification or improvement costs to expense accounts in the year in which the costs are incurred.

H. **Installments Payable on Equipment Purchases:**

Fixed Assets of the Internal Service Funds include equipment items purchased under various installment payment contracts and long-term leases treated as capital leases. Principal payments due within one year are shown as current liabilities and the balances due subsequently are shown as long-term liabilities. Principal and interest balances are scheduled for payment in varying monthly and quarterly installments which terminate on various dates to April, 1990.

I. **Reserve for Amortization of Debt Service:**

Title 10, VSA, Section 235(a) authorizes the State Treasurer to issue bonds aggregating not more than $5,000,000 without further authorization for the purpose of purchasing notes of the Vermont Industrial Development Authority which are supported by loans to local development corporations. Under this authority, the State Treasurer issued bonds in the amount of $1,470,000 during the fiscal year 1982 to purchase notes of the Authority.

Because these notes were recorded as temporary investments and thus included in the General Fund's portion of the State Treasurer's pooled cash balance, this transaction had the effect of increasing cash assets of the General Fund from the proceeds of general obligation bonds. Debt service obligations for these bonds are funded from general fund appropriations and the reserve account is reduced each year by the amount of principal payments made over the term of the bonds, through fiscal year 2001. Principal payments totaling $518,616 have been made through fiscal year 1988, thus reducing the reserve account balance to $951,384 at June 30, 1988.

J. **Unreserved Fund Balance-General Fund:**

The entire General Fund unreserved fund balance of $75,907,473 at June 30, 1988 was designated for the following purposes:

Public Act No.	Amount	Purpose
84 of 1987	$12,500,000	State Aid to Education
200 of 1988	27,500,000	Vermont Housing and Conservation Trust Fund and Dairy Income Stabilization
203 of 1988	1,000,000	Farm Debt Stabilization
219 of 1988	14,782,601	Water Pollution Control
281 of 1988	17,904,439	Reduction of Unissued Authorized Bonds and Budget Stabilization Trust Fund
Miscellaneous	2,220,433	Continuing Appropriations
TOTAL	$75,907,473	

K. **Compensated Employee Absences:**

Compensated absences include accumulated unpaid vacation, compensatory time and personal leave credits. Those compensated absences related to governmental funds are not accrued but are recorded as expenditures when paid. The State does not report liabilities for these governmental fund compensated absences either in specific governmental funds or in the General Long-Term Debt Account Group.

Classified State employees may accrue vacation leave based on the number of years employed up to a maximum rate of 24 days a year, but may accumulate no more than a maximum of 45 days. At June 30, 1988, the State has a liability for employees' earned vacation credits totaling approximately $10,945,000 in the governmental funds which will be liquidated in future periods either as salary payments as vacation leave is taken or by cash payment upon termination of employment.

The State also has an unreported governmental funds liability of approximately $1,217,000 at June 30, 1988 for compensatory time and personal leave which is accumulated as earned by employees.

Employees have also earned sick leave credits which may only be liquidated if and when sickness or injury is incurred and which, therefore, does not represent a liability of the State. Employees accrue sick leave at a maximum rate of 21 days a year. There is no limit on the total accumulation of earned sick leave days. The accumulated amount of unused sick leave at June 30, 1988 is approximately $46,423,000 for all governmental funds.

The above amounts are calculated based on State employees' pay rates at June 30, 1988.

Compensated employee absences related to proprietary funds are accrued and reported as liabilities of those funds.

L. **Interfund Transactions:**

Operating Transfers: Except as described below, transactions between funds are classified as operating transfers. These include most of the routine transfers of resources between funds, such as when revenues received in one fund are used to finance expenditures appropriated in another fund.

Quasi-External Transactions: Interfund transactions of this type are treated as if they were occurring with an outside entity. Internal service funds primarily receive funding through these transactions.

M. **Total Columns on Combined Statements:**

Total columns on the accompanying combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or operating results nor do they reflect data comparable to a consolidation. Interfund transactions have not been eliminated.

Note 2 **Deficit Fund Balances/Retained Earnings:**

The following individual funds have deficit Fund Balances/Retained Earnings at June 30, 1988:

Transportation Fund - Although no specific funding has been provided to liquidate the deficit of $1,676,230 at June 30, 1988, the legislature has provided that up to $3,000,000 of budget stabilization funds will be available to reduce any transportation fund deficit existing at June 30, 1989.

Federal Revenue Fund - Deficit fund balance of $9,775,798 exists due to expenditures being made in anticipation of receipts from the federal government during fiscal year 1989.

Enterprise Funds:

Surplus Property Fund - Deficit retained earnings of $63,104 at June 30, 1988 is an accumulation of deficits during the fiscal years 1976 through 1986. Through reorganization and the combining of both State and Federal surplus property programs and an increased marketing effort, the Fund realized a profit in fiscal year 1987 of $24,088 and $7,438 in fiscal year 1988. It is expected that annual profits will continue and gradually eliminate the deficit.

Industrial Homework Office Fund and Vermont Life Magazine Fund - Although these two funds have deficit retained earnings of $67,061 and $405,977, respectively, at June 30, 1988, neither fund has a negative fund equity position at that date.

Internal Service Funds:

State Information Systems Fund - This fund has a deficit fund equity position of $551,000 at June 30, 1988, resulting from a combination of discontinuation of General Fund contributions and development costs related to the Vermont Information Center. It is planned that this deficit will be retired over the next three years through a combination of growth, resulting in increased net income, and contributions from the General and/or Transportation Funds.

Note 3 **Investments:**

The following table presents, cost, market value, and carrying amount for investments at June 30, 1988:

Fund Type	Common and Preferred Stocks	U.S. Government Obligations	Corporate Bonds and Notes	Other Investments	Total Investments
Enterprise Funds:					
Vt. Home Mortgage Guarantee Board:					
Cost (Carrying Amount)	$	$ 873,137	$	$ 2,966,570	$ 3,839,708
Market Value		906,623		2,942,052	3,848,676
Pension Trust Funds:					
Vt. State Retirement Fund:					
Cost (Carrying Amount)	91,136,767	23,253,576	72,570,621	44,074,356	231,035,322
Market Value	118,749,475	23,228,011	74,130,623	44,074,356	260,182,466
State Teachers' Retirement Fund:					
Cost (Carrying Amount)	124,937,619	9,709,654	66,084,632	66,415,993	267,147,900
Market Value	133,621,599	9,684,320	66,506,030	66,415,993	276,227,944

Municipal Employees' Retirement Fund:					
Cost (Carrying Amount)	12,523,898	699,565	2,899,940	4,874,991	20,998,396
Market Value	13,275,725	696,408	2,876,213	4,874,991	21,723,338
Total Pension Trust Funds:					
Cost (Carrying Amount)	228,598,285	33,662,797	141,555,194	115,365,342	519,181,619
Market Value	265,646,799	33,608,739	143,512,867	115,365,342	558,133,749
Expendable Trust Funds:					
Cost (Carrying Amount)	225		65,722		65,947
Market Value	1,237		66,367		67,604
Non-Expendable Trust Funds:					
Cost (Carrying Amount)		8,000	356,347		364,347
Market Value		7,784	359,208		366,993
Agency Fund:					
Cost				94,978,586	94,978,586
Market Value				100,927,225	100,927,225
(Carrying Amount)					
TOTAL INVESTMENTS:					
Cost	$228,598,510	$ 34,543,934	$141,977,265	$213,310,499	$618,430,210
Market Value	$265,648,037	$ 34,523,147	$143,938,443	$219,234,620	$663,344,248
Carrying Amount	$228,598,510	$ 34,543,934	$141,977,265	$219,259,138	$624,378,848

The "Other Investments" total of $219,259,138 in "Carrying Amount" consists of $6,132,421 in mortgage loans, $38,321,009 in real estate investment trusts, short term investments of $39,695,172, investment contracts of $110,104,176, annuities of $24,056,357 and mutual funds of $950,000.

Note 4 **Summary of Proprietary Fund Fixed Assets:**

A summary of Proprietary Funds' property, plant and equipment at June 30, 1988 is shown below:

	Enterprise	Internal Service
Land	$	$ 26,156
Buildings & Leasehold Improvements	126,906	511,313
Accumulated Depreciation	(77,757)	(358,848)
Machinery and Equipment	1,744,198	26,586,435
Accumulated Depreciation	(1,182,931)	(11,403,830)
Totals	$ 610,416	$ 15,361,226

Note 5 **Pension Plans:**

The State maintains three statutory pension plans: The Vermont State Retirement System which covers substantially all general State employees and State Police, the State Teachers' Retirement System of Vermont which covers substantially all State teachers and the Vermont municipal employees retirement system which covers full-time employees of participating municipal employers. The State's contributions to each system are based on percentage rates of the annual earnable compensation of each member. These rates include a "normal contribution" rate and an "accrued liability contribution" rate and are fixed on the basis of the liabilities of the systems as shown by actuarial valuations. Total pension costs for the fiscal year 1988, funded by State appropriations, were $17,445,570 for the Vermont State Retirement System and $17,186,259 for the State Teachers' Retirement System.

Under legislation effective July 1, 1981, Vermont state employees and state teachers could elect to transfer their current memberships from a contributory to a non-contributory membership class. This legislation provided that the unfunded accrued liability as of June 30, 1982 in both the Vermont State Retirement System and State Teachers' Retirement System is to be amortized over a period of 30 years beginning July 1, 1982. The unfunded accrued liability of the Vermont Municipal Employees' Retirement System is being amortized over a 30 year period which commenced on July 1, 1975.

Based on the latest actuarial determinations, which are as of June 30, 1987, the three retirement systems show the following benefit information:

	Vermont State Retirement System	State Teachers' Retirement System	Municipal Employees' Retirement System
Present Value of vested benefits:			
Retired members & beneficiaries receiving payments	$ 118,260,400	$ 125,808,200	$ 3,622,000
For other members	84,704,900	125,651,400	8,015,300
Total Vested Benefits	$ 202,965,300	$ 251,459,600	$ 11,637,300
Present Value of nonvested benefits	not available	$ 5,483,000	$ 358,600
Net Assets available for payment of benefits	$ 215,274,600	$ 273,498,700	$ 22,489,400
Assumed rate of return for calculating plan benefits	8.0%	8.5%	8.0%

Statement No. 5 of the Governmental Accounting Standards Board, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers", which is effective for financial reports issued for fiscal years beginning after December 31, 1986, requires disclosure of certain additional information regarding the State's retirement systems. This additional information, primarily the disclosure of standardized measures of the pension obligations and the presentation of related ten-year historical trend information, is dependent on revised actuarial information which the State has not received. Therefore, the State has not adopted the reporting provisions of GASB Statement No. 5, pending receipt of required actuarial reports.

Note 6 **Deferred Compensation:**

The state offers its employees a deferred compensation plan created in accordance with section 457 of the internal revenue code. The plan, available to all state employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are solely the property and rights of the State, subject only to the claims of the State's general creditors. Participants' rights under the plan are equivalent to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

In the past, the plan assets have been used for no purpose other than to pay benefits. In addition, the State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The plans assets and liabilities are stated at market value and are reported in an Agency Fund.

Note 7 **Lease Commitments:**

The State is committed under various operating leases covering real property (land and buildings) and equipment. Although lease terms vary, certain leases continue subject to appropriation by the General Assembly. If continuation is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancellable leases for financial reporting purposes.

The following is a summary of the estimated future minimum rental commitments under operating leases for real property and equipment:

	Amounts		
Fiscal Year	Non-Cancellable Leases	Cancellable Leases	Totals
1989	$ 2,396,453	$ 102,121	$ 2,498,574
1990	1,984,199	-0-	1,984,199
1991	1,719,952	-0-	1,719,952
1992	1,517,205	-0-	1,517,205
1993	1,364,205	-0-	1,364,205
Thereafter	2,909,650	-0-	2,909,650
Totals	$11,891,664	$ 102,121	$ 11,993,785

Note 8 **General Obligation Bonds and Notes Payable:**

General obligation bonds and notes have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correctional facilities, environmental conservation purposes, maintenance and construction of highways and assistance to municipalities for construction of water and sewage systems and local schools. Also, bonds have been authorized and issued to refund outstanding general obligation bonds.

General obligation bonds are authorized by the legislature in accordance with the current statutory limitation that restricts authorization during any fiscal year to ninety percent of all bonds to be redeemed by the State during the same fiscal year. Once authorized, the State Treasurer with the approval of the Governor may issue general obligation bonds. The bonds are to be payable in substantially equal or diminishing amounts, the first such payment to be payable not later than five years after date of the bonds and the last such payment to be made not later than twenty years after date of the bonds.

General obligation bonds and notes outstanding and bonds authorized but unissued at June 30, 1988, are as follows:

Source of Payment	Outstanding		Authorized But Unissued
	Interest Rates	Amount	
General Fund	4.0-10.6%	$174,362,470	$ 33,681,864
Transportation Fund	4.0-9.75%	43,032,530	293,320
Totals		$217,395,000	$ 33,975,184

Changes in bond and note principal payable during fiscal year 1988 are summarized in the following:

	Balance July 1, 1987	Issuances	Redemptions	Balance June 30, 1988
General Obligation Bonds	$249,935,000	$ -0-	$32,540,000	$217,395,000
Equipment Notes	2,700,000	-0-	2,700,000	-0-
Totals	$252,635,000	$ -0-	$35,240,000	$217,395,000

General obligation bonds outstanding at June 30, 1988 are comprised of the following issues:

Date Issued	Date Series Matures	Interest Rates	Amount of Original Issue	Bonds Outstanding Sources of Payments: General Fund	Transportation Fund	Total
02/01/69	08/01/88	4.6 %	$ 30,000,000	$ 735,000	$ 840,000	$ 1,575,000
12/01/69	07/01/89	5.7	25,000,000	1,050,000	1,375,000	2,425,000
04/15/70	10/15/89	5.25	26,000,000	2,550,000		2,550,000
03/01/71	09/01/90	4.0	25,000,000	2,475,000	1,375,000	3,850,000
01/01/72	07/01/91	4.4	40,000,000	5,500,000	2,600,000	8,100,000
10/01/72	10/01/92	4.7	4,000,000	1,000,000		1,000,000
03/15/73	09/15/92	4.875	30,000,000	3,250,000	4,375,000	7,625,000
11/01/73	04/01/93	4.5	15,000,000	250,000	3,675,000	3,925,000
04/01/75	10/01/94	5.625	24,000,000	4,725,000	3,850,000	8,575,000
06/01/76	12/01/95	5.375	14,000,000	3,325,000	2,425,000	5,750,000
05/01/77	11/01/96	4.8	8,000,000	3,750,000		3,750,000
08/01/78	02/01/98	5.5	34,450,000	14,000,000	4,000,000	18,000,000
07/01/80	02/01/00	6.8	51,210,000	25,327,470	6,972,530	32,300,000
12/01/81	06/01/92	10.6	20,080,000	4,000,000		4,000,000
06/01/83	01/01/97	8.6	48,200,000	19,875,000	2,925,000	22,800,000
06/01/84	06/01/94	9.75	22,935,000	5,340,000	1,560,000	6,900,000
08/01/85	09/01/04	8.0	22,610,000	19,265,000	945,000	20,210,000
05/15/86	05/15/04	5.1 to 7.0	45,410,000	36,100,000	6,115,000	42,215,000
08/15/86	08/15/06	6.5 to 6.9	22,995,000	21,845,000		21,845,000
Totals				$174,362,470	$43,032,530	$217,395,000

Future general obligation debt service requirements at June 30, 1988 are as follows:

Year Ending June 30	Principal	Interest	Total
1989	$ 24,615,000	$ 14,225,286	$ 38,840,286
1990	22,610,000	12,742,293	35,352,293
1991	20,340,000	11,369,098	31,709,098
1992	19,000,000	10,081,277	29,081,277
1993	17,015,000	8,868,688	25,883,688
Thereafter	113,815,000	40,325,024	154,140,024
Totals	$217,395,000	$ 97,611,666	$315,006,666

Note 9 **Prior Year Defeasance of Debt:**

In fiscal year 1986 the State of Vermont defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. At June 30, 1988, $35,435,000 of bonds outstanding are considered defeased.

Note 10 **Fund Equity Restatement:**

Following a reorganization within the Agency of Administration, two internal service fund activities were restructured in fiscal year 1988. Information Systems Development Fund and Central Computer Services Fund were combined to form the State Information Services Fund. Fund equity balances at June 30, 1987 of $89,257 and $(1,060,586), respectively, were combined to form a consolidated fund equity at June 30, 1987 of $(971,329).

In fiscal year 1988 the State changed its financial reporting in order to more closely conform with generally accepted accounting principles by including the Vermont Home Mortgage Guarantee Board as a component of its reporting entity as an enterprise fund. This change has been reported in the accompanying financial statements by restating beginning fund equity as shown below. Corresponding restatements of 1987 amounts have also been made to reflect the retroactive application of the change.

	Enterprise Funds	All Fund Types and Account Group Totals (Memorandum Only)
Fund equity as previously reported, June 30, 1987	$2,808,909	$748,684,625
Additions to Reporting Entity: Vermont Home Mortgage Guarantee Board	3,468,118	3,468,118
Fund Equity as restated, June 30, 1987	$6,277,027	$752,152,743

Note 11 **Segment Information for Enterprise Funds:**

The State reports five enterprise funds relating to sales of liquor, Vermont Life magazines and related products, industrial homework products, and federal surplus property and guarantees of home mortgages. Segment information for the year ended June 30, 1988 is as follows:

	Liquor Control Fund	Vermont Life Magazine Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues	$28,968,539	$1,396,370	$ 621,604	$ 30,986,513
Depreciation Expense	161,392	9,750	13,050	184,192
Operating Income or (Loss)	958,147	(200,220)	257,036	1,014,963
Operating Grants, Entitlements & Shared Revenues	-0-	-0-	-0-	-0-
Operating Transfers in (out)	-0-	-0-	-0-	-0-
Tax Revenues	-0-	-0-	-0-	-0-
Net Income	120,819	(118,556)	552,349	554,612
Plant, Property & Equipment:				
Additions	160,197	4,971	25,943	191,111
Deletions	19,726	-0-	-0-	19,726
Net Working Capital	2,111,282	166,745	3,951,018	6,229,046
Total Assets	4,731,800	718,776	4,052,886	9,503,462
Bonds and Other Long-Term Liabilities	-0-	-0-	-0-	-0-
Total Equity	2,657,013	194,156	3,988,293	6,839,462

Note 12 **Contingent and Limited Liabilities:**

Vermont Industrial Development Authority:

Under the provisions of 10 V.S.A. Sec.221 the Authority may insure mortgage payments required to repay loans made for the purpose of financing industrial facilities provided that the principal obligations of all mortgages insured under this subsection outstanding at any one time shall not exceed $35,000,000. Section 223 of the above title authorizes the State Treasurer, without further approval, to issue full faith and credit bonds of the State in amounts not to exceed an aggregate of $35,000,000 at any one time outstanding, or to use available cash to fund the Industrial Building Mortgage Insurance Fund. As of June 30, 1988, the State had outstanding $1,690,722 of general obligation bonds under this authorization. Section 222 of the above title provides that amounts advanced to the Vermont Industrial Development Authority under the provisions of Section 223 be repaid from the Industrial Building Mortgage Insurance Fund. At June 30, 1988, the Vermont Industrial Development Authority had guaranteed mortgages with balances aggregating $4,809,146 and the Authority's Insurance Fund had a Fund Balance (deficit) of $(1,895,117).

Under the provisions of 10 V.S.A. Section 231, the Authority may also loan money to local development corporations for industrial park planning and development, for constructing or improving speculative buildings or small business incubator facilities, for the purchase or improvement of existing buildings suitable for industrial or small business incubation facility purposes and for the purchase of land in connection with any of the foregoing. Section 261 provides that the Authority may make direct mortgage loans for the purpose of financing the establishment or expansion of in dustrial projects. The provisions of 10 V.S.A. Section 235(a) state: "The authority may issue its notes to the state treasurer in an amount outstanding at any one time not exceeding $9,500,000 to enable the authority to make loans to local development corporations under this subchapter... The state treasurer shall purchase notes of the authority issued hereunder and may borrow money by the issue of bonds or notes and pledge the full faith and credit of the state, or use any available funds over which the state has exclusive control for this purpose. Bonds and notes authorized in the preceding sentence shall be issued pursuant to the provisions of chapter 13 of Title 32 and shall not exceed an aggregate of $5,000,000 at any one time outstanding." At June 30, 1988, the State had outstanding $951,384 of general obligation bonds under this authorization and the balance of the authority's notes held by the State Treasurer totaled $6,676,300. Section 234 of the above title provides that principal and interest on these notes be paid from the Authority's Industrial Development Fund. At June 30, 1988, the Fund Balance of the Authority's Development Fund was $13,488,044.

Vermont Home Mortgage Guarantee Board:

Effective in fiscal year 1988, the Vermont Home Mortgage Guarantee Board has been included as a part of the State's reporting entity as an Enterprise fund.

By statute, the Board guarantees, within the limits provided, the repayment of certain loans secured by home mortgages. These guarantees, which in the aggregate may not exceed $55,000,000, are backed by the full faith and credit of the State of Vermont. As of June 30, 1988, the Board has outstanding guarantees of $45,712,829 and a fund balance of $4,006,836 from which to pay any guarantee losses incurred.

The State Treasurer has never found it necessary to issue bonds in support of these loan obligations nor is it contemplated that it will become necessary.

Whey Pollution Abatement Authority:

The Whey Pollution Abatement Authority was created by the General Assembly in 1971 to meet the need for abatement of continued pollution of the waters of the State resulting from discharge of fluid whey and wash waters by the cheese processors within the State.

The authority constructed a whey pollution abatement facility and in 1976 entered into a lease agreement with the State under which the State agreed to make lease rental payments sufficient to meet the debt service requirements of the authority's $9.6 million Series A Bonds issued in 1976. The facility was subleased by the State to certain cheese processors who were obligated for lease rental payments equal to the debt service requirements on the 1976 Series A Bonds.

The cheese processors defaulted and the facility was closed in 1979. Under its lease, the State was obligated to and has made annual payments averaging approximately $565,614 for the fiscal years 1978 through 1988. Under a settlement with the State, the cheese processors agreed to a schedule of payments totaling $2.6 million over the remaining twenty-six years.

A new sublessee was located in 1980 and the facility was both modified and expanded to meet their requirements.The authority issued its 1980 Series A Bonds and 1981 Series A Bonds to fund the modification and expansion of the facility. The State has purchased the authority's $12.5 million 1980 Series A and $3.5 million 1981 Series A Bonds through the sale of $16 million State of Vermont general obligation bonds. The State will make lease rental payments to the authority sufficient to meet the debt service requirements on the authority's 1976 Series A Bonds as well as a certain portion of the 1980 Series A and 1981 Series A Bonds from lease rental payments made to the State by the present sublessee. The State expects that the overall effects of its purchase of the authority's bonds, together with the payments to be made by the cheese processors under the settlement referred to above, will be to reduce the remaining eighteen years of the State's obligation with respect to the bonds of the authority from the approximately $565,614 in average annual payments referred to above to an average annual payment of approximately $40,000, ranging from an estimated maximum obligation of $477,660 in fiscal year 1989 to a positive cash flow during the last thirteen years of the obligation.

Vermont Municipal Bond Bank:

The State has a limited liability for the Vermont Municipal Bond Bank. The Bank is required to maintain a debt service reserve fund. Title 24, V.S.A., Sec. 4675 requires the State to provide annual appropriations to restore the reserve fund to its required minimum balance, if necessary. It has never been necessary for the State to appropriate money to the reserve fund and it is not anticipated that it will need to make an appropriation in the future.

Vermont Housing Finance Agency:

The State has a limited liability for the Vermont Housing Finance Agency. The Agency may create one or more debt service reserve funds in accordance with 10 V.S.A. Sec. 632. Annually, the Agency must report to the State the amount necessary to bring reserve fund balances up to the minimum required by statute. This sum so certified may be appropriated by the State. It has not been necessary for the State to appropriate money to maintain the reserve fund and it is not anticipated that any appropriation will have to be made.

Federal Grants:

The State receives federal grants which are subject to audit and review by federal grantor agencies. This could result in expenditure disallowances under the terms of the grants. However, it is believed that required reimbursements resulting therefrom would not be material.

Note 13 **Litigation:**

The American Trucking Association, Inc. and others have filed lawsuits to contest and recover various fees collected by the State of Vermont Agency of Transportation. These lawsuits seek return of fees amounting to approximately $9.9 million. The fees are no longer charged and there is approximately $9.5 million in escrow to provide for payment of adverse judgements in these cases. The State has provided a vigorous defense in these cases and is awaiting a decision by the Supreme Court.

The State, its agencies, officials and employees are also defendants in numerous other lawsuits involving funding for social welfare programs, civil rights actions, public education funding, breach of contract and negligence. The Attorney General is unable to predict the ultimate outcome of the majority of these suits, some of which seek recovery of monetary damages of unspecified amount. However, based on advice of the Attorney General, it is believed that any ultimate liability to the State resulting from these suits, not covered by various insurance policies would not materially affect the State's financial condition.

Note 14 **Budget Stabilization Trust Fund:**

The 1987 Legislature established the Budget Stabilization Trust Fund to "...reduce the effects of annual variations in state revenues upon the budget of the state by retaining certain surpluses in general fund revenues...". The Budget Stabilization Trust Fund consists of any undesignated general fund surplus occurring at the close of a fiscal year. However, the Trust Fund balance shall not exceed two percent of the general fund appropriations for the most recently ended fiscal year. The Fund is to be used, to the extent necessary, to offset any general fund deficit that may occur at the close of a fiscal year.

Notwithstanding the two percent of General Fund appropriation limitation imposed by 32 V.S.A. 308, the legislature by Public Act 281 of 1988 transferred $5,000,000 of the June 30, 1988 General Fund undesignated surplus to the Fund. This will increase the Trust Fund balance to $13,233,136. Public Act 281 further authorized the State Treasurer, with approval of the

emergency board, to transfer up to $3,000,000 from the Budget Stabilization Trust Fund to eliminate any transportation fund deficit occurring at June 30, 1989.

Note 15 **Joint Venture:**

The State of Vermont has entered into a Tri-State Lotto Compact with the States of New Hampshire and Maine for the purpose of operating a tri-state lottery. This lottery does not replace Vermont's individual lottery games but is run in addition to the existing games. The Compact provided for the creation of a Tri-State Lottery Commission which is an interstate body, both corporate and politic, serving as a common agency of the party states and representing them both collectively and individually in the exercise of its powers and duties. The commission is composed of one member from each of the party states. Each state's lottery commission appoints one of its members to this position. The three-member commission annually elects a chairperson from among its members. The commission is empowered to operate and administer Tri-State Lotto and to promulgate rules and regulations governing the establishment and operation of the lotto.

Tri-State Lotto tickets are sold in each of the party states and processed in a central location as determined by the commission. Fifty percent of the gross sales from each state are aggregated in a common prize pool, and operating costs are charged proportionally to each of the party states. The remaining revenues generated within each state remain in that particular state.

At June 30, 1988, the commission had total assets of $67,229,662 and total liabilities of $67,229,662.

For the year ended June 30, 1988, the commission had operating revenues of $80,753,005, interest income of $213,709, commissions, fees, and bonus expenses of $7,978,004, prize awards of $40,002,262, and other operating expenses of $2,814,313. The commission had paid expenses on behalf of member states of $275,396, and had operating transfers of $29,896,739.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

STATE OF VERMONT
GENERAL FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
JUNE 30, 1988 and 1987

	June 30, 1988	June 30, 1987
ASSETS		
Cash and Temporary Investments	$ 79,282,847	$ 65,822,156
Total Assets	$ 79,282,847	$ 65,822,156
FUND BALANCE		
Reserved for:		
Encumbrances	$ 2,423,990	$ 2,971,716
Amortization of Debt Service	951,384	1,037,820
Unreserved - Designated for:		
Continuing Appropriations	2,220,432	1,016,347
Subsequent Year Appropriations	42,782,601	44,330,000
Stabilization Trust Fund	5,000,000	8,233,136
Reduction of Unissued Authorized General Fund Bonds	12,904,439	8,233,136
Other Transfers	13,000,000	
Total Fund Balance	$ 79,282,847	$ 65,822,156

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1988 and 1987

	Year Ended	
	June 30, 1988	June 30, 1987
REVENUES:		
Taxes:		
Bank Franchise	$ 1,304,304	$ 1,187,100
Beverage	5,044,860	5,061,098
Cigarette	11,715,826	11,409,481
Electrial Energy	1,642,271	1,915,397
Income-Corporate	43,384,320	37,230,661
Income-Personal	201,659,585	196,386,775
Inheritance	6,161,427	2,521,922
Insurance Companies	16,990,286	14,707,860
Liquor	9,655,252	9,760,544
Meals and Rooms	39,857,994	36,078,535
Pari-Mutuel	187,995	226,560
Real Property Transfer	9,940,959	9,675,951
Sales and Use	123,489,577	108,840,807
Telephone Companies	16,892,666	15,873,588
Other Taxes	1,139,393	1,067,824
Total Taxes	$489,066,721	$451,944,113

Business Licenses	2,044,932	2,365,630
Fees	2,124,067	3,138,443
Services	1,238,615	- 992,372
Fines and Forfeits	6,423,785	6,396,823
Interest and Premiums	4,350,804	6,212,579
Lottery Transfer	10,612,975	7,987,876
Special Assessments	2,697,194	2,718,992
Other Revenues	344,123	529,982
Total Revenues	$518,903,221	$ 482,286,814
EXPENDITURES:		
General Government	$ 26,437,020	$ 23,353,234
Protection to Persons and Property	34,672,165	29,819,607
Human Services	142,369,141	126,219,444
General Education	213,964,085	183,435,367
Environmental Conservation	10,458,106	9,503,128
Development and Community Affairs	6,628,377	5,615,211
Debt Service	40,632,479	34,114,817
Miscellaneous	8,928,000	8,300,000
Total Expenditures	$484,089,376	$ 420,360,810
Excess of Revenues Over Expenditures	$ 34,813,844	$ 61,926,003
Other Financing Sources (Uses):		
Transfers From Transportation Fund	$ 2,865,480	$ 2,335,545
Transfers From Other Special Revenue Funds	7,126,287	8,119,217
Other Operating Transfers In	453,240	335,713
Transfers to Transportation Fund	(4,076,174)	(4,129,787)
Transfers to Other Special Revenue Funds	(18,997,935)	(10,439,029)
Other Operating Transfers Out	(8,919,327)	(524,955)
Other Sources	195,276	121,845
Total Other Financing Sources (Uses)	$ (21,353,153)	$ (4,181,449)
Excess of Revenues and Other Sources Over Expenditures and Other Uses	$ 13,460,690	$ 57,744,554
Fund Balance, July 1	65,822,156	8,077,602
Fund Balance, June 30	$ 79,282,847	$ 65,822,156

The accompanying notes are an integral part of the financial statements.

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SPECIAL REVENUE FUNDS

STATE OF VERMONT
COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS-ALL SPECIAL REVENUE FUNDS
JUNE 30, 1988

	Transportation	Fish and Wildlife	Special	Federal Revenue	Totals June 30, 1988	Totals June 30, 1987
ASSETS						
Cash	$ 24,243,179	$ 1,996,376	$ 14,420,131	$ (9,775,798)	$ 30,883,889	$ 17,096,059
Unreimbursed Charges to Federal Aid Accounts	11,060,129				11,060,129	19,332,985
Total Assets	$ 35,303,309	$ 1,996,376	$ 14,420,131	$ (9,775,798)	$ 41,944,019	$ 36,429,044
FUND BALANCE						
Reserved for Encumbrances	$ 14,915,972	$ 136,003	$ 396,571	$ 16,770	$ 15,465,318	$ 2,460,943
Unreserved:						
Designated for Continuing Appropriations	22,063,567	178,983			22,242,550	27,494,033
Designated for Specific Purposes			14,023,560	(9,792,569)	4,230,991	377,326
Undesignated (Deficit)	(1,676,230)	1,681,390			5,159	6,096,741
Total Fund Balance	$ 35,303,309	$ 1,996,376	$ 14,420,131	$ (9,775,798)	$ 41,944,019	$ 36,429,044

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE-ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 1988

	Transportation	Fish and Wildlife	Special	Federal Revenue	Totals for the Year Ended June 30, 1988	Totals for the Year Ended June 30, 1987
REVENUE RECEIPTS:						
Earnings of Departments:						
Fees	$ 3,558,242	$	$ 3,517,114	$	$ 7,075,357	$ 9,501,010
Rents and Leases	450,742	11,037	5,344,926		5,806,707	5,474,110
Sales of Commodities	21,768	62,343	15,812,951		15,897,063	10,661,543
Sales of Service	11,312		69,423,835		69,435,148	62,711,625
Federal Grants	59,819,787	2,087,713		221,692,419	283,599,920	277,537,092
Fines, Forfeits and Penalties	363,579	2,384	39,534		405,498	2,385,908
Interest and Premiums	764,716	121,387	602,302		1,488,405	333,686
Licenses:						
Business	3,750	26,743	1,791,207		1,821,700	1,206,689
Non-Business	28,288,422	4,359,948			32,648,371	31,937,599
Special Assessments	35,244		10,692,482		10,727,727	9,722,265
Taxes	75,333,335		7,046,235		82,379,571	77,390,100
Other	1,205,311	183,818	16,470,893		17,860,024	11,532,598
Total Revenue Receipts	$169,856,214	$ 6,855,376	$130,741,485	$ 221,692,419	$529,145,495	$500,394,230
BUDGETARY DISBURSEMENTS:						
General Government	$	$	$ 19,030,022	$ 643,725	$ 19,673,747	$ 14,753,150
Protection to Persons and Property	15,069,812		10,042,064	5,110,687	30,222,564	24,936,686
Human Services			14,268,641	170,240,055	184,508,696	172,596,258
Manpower Services			26,283	15,414,334	15,440,618	15,745,053
Education			6,507,207	29,749,220	36,256,428	31,034,672
Environmental Conservation	515,305	6,835,133	5,016,852	3,793,925	16,161,216	13,307,807
Development and Community Affairs			6,099,118	3,841,495	9,940,613	8,980,313
Transportation	134,184,529		1,423,549		135,608,079	145,218,800
Public Service Enterprises			57,494,009		57,494,009	54,940,489
Debt Service	10,891,240				10,891,240	11,382,952
Miscellaneous			14,831,952		14,831,952	11,448,482
Total Budgetary Disbursements	$160,660,888	$6,835,133	$134,739,701	$ 228,793,445	$531,029,168	$504,344,667
Excess of Revenues Over (Under) Expenditures	$ 9,195,325	$ 20,243	$ (3,998,216)	$ (7,101,025)	$ (1,883,672)	$ (3,950,436)
Other Financing Sources (Uses):						
Operating Transfers In	$ 4,414,245	$ 78,516	$ 19,023,235	$ 961,087	$ 24,477,084	$ 17,523,584
Operating Transfers Out	(3,699,180)		(8,413,924)	(40,337)	(12,153,441)	(14,759,500)
Increase (Decrease) in Receivables	(8,272,855)				(8,272,855)	(2,067,675)
Other Sources (Uses)	(160,013)	506	2,584	3,504,783	3,347,860	4,250,975
Total Other Financing Sources (Uses)	$ (7,717,803)	$ 79,022	$ 10,611,895	$ 4,425,533	$ 7,398,647	$ 4,947,383
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 1,477,522	$ 99,265	$ 6,613,678	$ (2,675,491)	$ 5,514,974	$ 996,947
Fund Balance, July 1	33,825,786	1,897,111	7,806,453	(7,100,306)	36,429,044	35,432,097
Fund Balance, June 30	$ 35,303,309	$ 1,996,376	$ 14,420,131	$ (9,775,798)	$ 41,944,019	$ 36,429,044

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
TRANSPORTATION FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
JUNE 30, 1988 AND 1987

	June 30, 1988	June 30, 1987
ASSETS		
Cash	$ 24,243,179	$ 14,492,801
Unreimbursed Charges to Federal Aid Accounts	11,060,129	19,332,985
Total Assets	$ 35,303,309	$ 33,825,786
FUND BALANCE		
Reserved for Encumbrances	$ 14,915,972	$ 1,842,134
Unreserved:		
Designated for Continuing Appropriations	22,063,567	27,403,142
Undesignated (Deficit)	(1,676,230)	4,580,509
Total Fund Balance	$ 35,303,309	$ 33,825,786

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
TRANSPORTATION FUND
COMPARATIVE STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1988 AND 1987

	Year Ended June 30, 1988	Year Ended June 30, 1987
REVENUES:		
Taxes:		
Motor Fuel	$ 36,376,296	$ 34,306,582
Purchase and Use	32,107,796	29,989,002
Other Taxes	6,849,243	6,942,174
Business Licenses	3,750	3,750
Non-Business Licenses:		
Motor Vehicle License and Registration	26,488,313	26,425,946
Other Non-Business Licenses	1,800,108	1,413,499
Fees	3,558,242	8,053,848
Services	11,312	11,481
Interest and Premiums	764,716	136,971
Federal Grants	59,819,787	65,026,545
Special Assessments	35,244	53,009
Other Revenues	2,041,402	2,994,078
Total Revenues	$169,856,214	$175,356,891
EXPENDITURES:		
Protection to Persons and Property	$ 15,069,812	$ 13,422,783
Environmental Conservation	515,305	322,333
Transportation	134,184,529	144,411,959
Debt Service	10,891,240	11,382,952
Total Expenditures	$160,660,888	$169,540,029
Excess of Revenues Over Expenditures	$ 9,195,325	$ 5,816,862
Other Financing Sources (Uses):		
Transfers from General Fund	$ 4,076,174	$ 4,129,787
Transfers from Other Special Revenue Funds	338,071	978,721
Transfers to General Fund	(2,865,480)	(2,335,545)
Transfers to Other Special Revenue Funds	(75,000)	(364,493)
Other Operating Transfers Out	(758,700)	(2,759,198)
(Decrease) in Receivables	(8,272,855)	(2,067,675)
Other Sources (Uses)	(160,013)	4,654
Total Other Financing Sources (Uses)	$ (7,717,803)	$ (2,413,749)
Excess of Revenues and Other Sources Over Expenditures and Other Uses	$ 1,477,522	$ 3,403,113
Fund Balance, July 1	33,825,786	30,422,673
Fund Balance, June 30	$ 35,303,309	$ 33,825,786

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
FISH AND WILDLIFE FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
JUNE 30, 1988 AND 1987

	June 30, 1988	June 30, 1987
ASSETS		
Cash	$ 1,996,376	$ 1,897,111
Total Assets	$ 1,996,376	$ 1,897,111
FUND BALANCE		
Reserved for Encumbrances	$ 136,003	$ 289,988
Unreserved:		
Designated for Continuing Appropriations	178,983	90,890
Undesignated	1,681,390	1,516,231
Total Fund Balance	$ 1,996,376	$ 1,897,111

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
FISH AND WILDLIFE FUND
COMPARATIVE STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1988 AND 1987

	Year Ended	
	June 30, 1988	June 30, 1987
REVENUES:		
Non-Business Licenses	$ 4,359,948	$ 3,909,341
Interest and Premiums	121,387	96,185
Federal Grants	2,087,713	1,448,144
Other Revenues	286,327	247,726
Total Revenues	$ 6,855,376	$ 5,701,398
EXPENDITURES:		
Environmental Conservation	$ 6,835,133	$ 5,878,977
Total Expenditures	$ 6,835,133	$ 5,878,977
Excess of Revenues Over (Under) Expenditures	$ 20,243	$ (177,579)
Other Financing Sources:		
Transfers From General Fund	$ 3,516	$
Transfers From Other Special Revenue Funds	75,000	74,493
Prior Year Expenditure Recoveries	506	391
Total Other Financing Sources	$ 79,022	$ 74,884
Excess of Revenues and Other Sources Over (Under) Expenditures	$ 99,265	$ (102,694)
Fund Balance, July 1	1,897,111	1,999,805
Fund Balance, June 30	$ 1,996,376	$ 1,897,111

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
SPECIAL FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
JUNE 30, 1988 AND 1987

	June 30, 1988	June 30, 1987
ASSETS		
Cash	$ 14,420,131	$ 7,806,453
Total Assets	$ 14,420,131	$ 7,806,453
FUND BALANCE		
Reserved for Encumbrances	$ 396,571	$ 246,307
Unreserved	14,023,560	7,560,145
Total Fund Balance	$ 14,420,131	$ 7,806,453

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
SPECIAL FUND
COMPARATIVE STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1988 AND 1987

	Year Ended June 30, 1988	Year Ended June 30, 1987
REVENUES:		
Taxes	$ 7,046,235	$ 6,152,341
Business Licenses	1,791,207	1,200,097
Non-Business Licenses		188,811
Fees	3,517,114	1,447,161
Rents and Leases	5,344,926	4,877,804
Sales of Service:		
Public Power	58,051,304	53,575,146
Other	11,372,530	9,124,997
Interest and Premiums	602,302	100,529
Special Assessments	10,692,482	9,669,255
Lottery Tickets	15,812,951	10,140,327
Other Revenues	16,510,428	11,797,066
Total Revenues	$130,741,485	$ 108,273,539
EXPENDITURES:		
General Government	$ 19,030,022	$ 14,226,173
Protection to Persons and Property	10,042,064	7,070,559
Human Services	14,268,641	11,030,209
Manpower Services	26,283	624
General Education	6,507,207	5,319,228
Environmental Conservation	5,016,852	3,683,391
Development and Community Affairs	6,099,118	4,062,503
Transportation	1,423,549	806,841
Purchased Electrical Energy	57,494,009	54,940,489
Miscellaneous	14,831,952	11,448,482
Total Expenditures	$134,739,701	$112,588,502
Excess of Revenues Over (Under) Expenditures	$ (3,998,216)	$ (4,314,963)
Other Financing Sources (Uses):		
Transfers From General Fund	$ 18,982,898	$ 10,437,110
Transfers From Other Special Revenue Funds	40,337	348,814
Other Operating Transfers In		1,459,228
Transfers to General Fund	(7,126,287)	(8,104,167)
Transfers to Other Special Revenue Funds	(1,287,637)	(1,072,232)
Other Operating Transfers Out		(50,000)
Other Sources	2,584	
Total Other Financing Sources (Uses)	$ 10,611,895	$ 3,018,753
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 6,613,678	$ (1,296,210)
Fund Balance, July 1	7,806,453	9,102,663
Fund Balance, June 30	$ 14,420,131	$ 7,806,453

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
FEDERAL REVENUE FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
JUNE 30, 1988 AND 1987

	June 30, 1988	June 30, 1987
ASSETS		
Cash	$ (9,775,798)	$ (7,100,306)
Total Assets	$ (9,775,798)	$ (7,100,306)
FUND BALANCE		
Reserved for Encumbrances	$ 16,770	$ 82,511
Unreserved (Deficit)	(9,792,569)	(7,182,818)
Total Fund Balance	$ (9,775,798)	$ (7,100,306)

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
FEDERAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1988 AND 1987

	Year Ended	
	June 30, 1988	June 30, 1987
REVENUES:		
Federal Grants	$221,692,419	$211,062,401
Total Revenues	$221,692,419	$211,062,401
EXPENDITURES:		
General Government	$ 643,725	$ 526,976
Protection to Persons and Property	5,110,687	4,443,343
Human Services	170,240,055	161,566,049
Manpower Services	15,414,334	15,744,429
General Education	29,749,220	25,715,444
Environmental Conservation	3,793,925	3,423,105
Development and Community Affairs	3,841,495	4,917,809
Total Expenditures	$228,793,445	$216,337,158
Excess of Revenues Over (Under) Expenditures	$ (7,101,025)	$ (5,274,756)
Other Financing Sources (Uses):		
Transfers From General Fund	$ 11,521	$ 1,919
Transfers From Other Special Revenue Funds	949,566	93,511
Non-Revenue Receipts	3,539,524	4,245,929
Transfers to General Fund		(15,050)
Transfer to Other Special Revenue Funds	(40,337)	(58,814)
Other Uses	(34,741)	
Total Other Financing Sources	$ 4,425,533	$ 4,267,495
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (2,675,491)	$ (1,007,261)
Fund Balance (Deficit), July 1	(7,100,306)	(6,093,045)
Fund Balance (Deficit), June 30	$ (9,775,798)	$ (7,100,306)

The accompanying notes are an integral part of the financial statements.

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CAPITAL PROJECTS FUNDS

STATE OF VERMONT
COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS-ALL CAPITAL PROJECTS FUNDS
JUNE 30, 1988

	General Bond	Transportation Bond	Totals June 30, 1988	Totals June 30, 1987
ASSETS				
Cash	$ 14,850,166	$ 558,975	$ 15,409,141	$ 35,832,765
Total Assets	$ 14,850,166	$ 558,975	$ 15,409,141	$ 35,832,765
FUND BALANCE				
Reserved for Encumbrances	$ 7,978,240	$	$ 7,978,240	$ 6,334,027
Unreserved:				
Designated for Continuing Appropriations	6,871,925	558,975	7,430,901	29,414,287
Undesignated				84,450
Total Fund Balance	$ 14,850,166	$ 558,975	$ 15,409,141	$ 35,832,765

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE-ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 1988

	General Bond	Transportation Bond	Totals For The Year Ended June 30, 1988	Totals For The Year Ended June 30, 1987
BUDGETARY DISBURSEMENTS:				
General Government	$ 9,230,540	$	$ 9,230,540	$ 2,173,893
Protection to Persons and Property	503,116		503,116	183,959
Human Services	1,111,207		1,111,207	1,302,794
Education	10,136,561		10,136,561	4,995,724
Environmental Conservation	7,226,946		7,226,946	5,710,065
Development and Community Affairs	232,244		232,244	76,909
Transportation		90,548	90,548	2,958,064
Miscellaneous				728,531
Total Budgetary Disbursements	$ 28,440,616	$ 90,548	$ 28,531,164	$ 18,129,942
Excess of Revenues Over (Under) Expenditures	$ (28,440,616)	$ (90,548)	$(28,531,164)	$(18,129,942)
Other Financing Sources (Uses):				
Proceeds From Sale of Bonds and Notes	$	$	$	$ 24,095,930
Operating Transfers In	8,233,136		8,233,136	
Operating Transfers Out	(125,595)		(125,595)	(1,460,227)
Total Other Financing Sources	$ 8,107,540	$	$ 8,107,540	$ 22,635,702
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	$ (20,333,075)	$ (90,548)	$(20,423,623)	$ 4,505,759
Fund Balance, July 1	35,183,241	649,524	35,832,765	31,327,005
Fund Balance, June 30	$ 14,850,166	$ 558,975	$ 15,409,141	$ 35,832,765

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
GENERAL BOND FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
JUNE 30, 1988 AND 1987

	June 30, 1988	June 30, 1987
ASSETS		
Cash	$ 14,850,166	$ 35,183,241
Total Assets	$ 14,850,166	$ 35,183,241
FUND BALANCE		
Reserved for Encumbrances	$ 7,978,240	$ 6,334,027
Unreserved:		
Designated for Continuing Appropriations	6,871,925	28,764,763
Undesignated		84,450
Total Fund Balance	$ 14,850,166	$ 35,183,241

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
GENERAL BOND FUND
COMPARATIVE STATEMENT OF EXPENDITURES PAID AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1988 AND 1987

	Year Ended	
	June 30, 1988	June 30, 1987
EXPENDITURES:		
General Government	$ 9,230,540	$ 2,173,893
Protection to Persons and Property	503,116	183,959
Human Services	1,111,207	1,302,794
Education	10,136,561	4,995,724
Environmental Conservation	7,226,946	5,710,065
Development and Community Affairs	232,244	76,909
Miscellaneous		728,531
Total Expenditures	$ 28,440,616	$ 15,171,878
Other Financing Sources (Uses):		
Proceeds From Sale of Bonds and Notes	$	$ 24,095,930
Transfers from General Fund	8,233,136	
Operating Transfers Out	(125,595)	(1,460,227)
Total Other Financing Sources	$ 8,107,540	$ 22,635,702
Excess of Other Financing Sources Over (Under) Expenditures	$ (20,333,075)	$ 7,463,823
Fund Balance, July 1	35,183,241	27,719,417
Fund Balance, June 30	$ 14,850,166	$ 35,183,241

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
TRANSPORTATION BOND FUND
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
JUNE 30, 1988 AND 1987

	June 30, 1988	June 30, 1987
ASSETS		
Cash	$ 558,975	$ 649,524
Total Assets	$ 558,975	$ 649,524
FUND BALANCE		
Unreserved-Designated for Continuing Appropriations	$ 558,975	$ 649,524
Total Fund Balance	$ 558,975	$ 649,524

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
TRANSPORTATION BOND FUND
COMPARATIVE STATEMENT OF EXPENDITURES PAID
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1988 AND 1987

	Year Ended	
	June 30, 1988	June 30, 1987
EXPENDITURES:		
Transportation	$ 90,548	$ 2,958,064
Total Expenditures	$ 90,548	$ 2,958,064
Fund Balance, July 1	649,524	3,607,588
Fund Balance, June 30	$ 558,975	$ 649,524

The accompanying notes are an integral part of the financial statements.

ENTERPRISE FUNDS

STATE OF VERMONT
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988

	Industrial Homework Office Fund	Liquor Control Fund	Surplus Property Fund	Vermont Life Magazine Fund	Vermont Home Mortgage Guarantee Board	Totals June 30, 1988	Totals June 30, 1987
ASSETS							
Current Assets:							
Cash	$ 20,011	$ 1,111,651	$ (78,072)	$ (125,108)	$ 12,862	$ 941,343	$ 384,729
Investments					3,839,708	3,839,708	3,408,113
Interest Receivable					190,193	190,193	80,745
Accounts Receivable (net of allowance for uncollectibles)	16,628	27,821	14,279	82,620		141,349	108,282
Due From Agents		833				833	906
Inventories, at cost		2,993,258		210,315		3,203,574	3,347,703
Prepaid Expenses		48,373		128,892		177,266	193,295
Total Current Assets	$ 36,640	$ 4,181,939	$ (63,793)	$ 296,719	$ 4,042,764	$8,494,269	$7,523,777
Restricted Assets:							
Cash-Subscription Reserve Fund	$	$	$	$ 394,445	$	$ 394,445	$ 369,599
Inmprest Cash and Change Fund-Advances		4,130		200		4,330	4,330
Total Restricted Assets	$	$ 4,130	$	$ 394,645	$	$ 398,775	$ 373,929
Fixed Assets:							
Building and Leasehold Improvements	$	$ 126,906	$	$	$	$ 126,906	$ 118,965
Equipment, Furniture and Fixtures	27,735	1,600,659	7,829	74,387	33,586	1,744,199	1,643,367
Accumulated Depreciation	(17,377)	(1,181,834)	(2,509)	(46,976)	(11,990)	(1,260,688)	(1,139,108)
Total Fixed Assets	$ 10,358	$ 545,731	$ 5,319	$ 27,410	$ 21,596	$ 610,416	$ 623,224
Total Assets	$ 46,998	$ 4,731,800	$ (58,474)	$ 718,776	$ 4,064,360	$9,503,462	$ 8,520,931
LIABILITIES AND FUND EQUITY							
Current Liabilities:							
Accounts Payable	$	$ 1,682,877	$ 402	$ 92,176	$ 5,428	$1,780,884	$ 1,440,304
Accrued Salaries and Benefits	2,436	333,796	4,228	35,007	32,029	407,499	372,067
Due to Agents		53,983				53,983	42,483
Revenue Collected in Advance				2,789	20,065	22,855	15,117
Total Current Liabilities	$ 2,436	$ 2,070,657	$ 4,630	$ 129,974	$ 57,524	$2,265,223	$ 1,869,973
Liabilities Payable From Restricted Assets:							
Unexpired Subscriptions	$	$	$	$ 394,445	$	$ 394,445	$ 369,599
Cash Advances by State Treasurer		4,130		200		4,330	4,330
Total Liabilities Payable From Restricted Assets	$	$ 4,130	$	$ 394,645	$	$ 398,775	$ 373,929
Fund Equity:							
Contributed Captial:							
General Fund	$	$	$	$ 600,133	$	$ 600,133	$ 600,133
Federal Government and Other Funds	111,623					111,623	103,801
Retained Earnings(Deficit)	(67,061)	2,657,013	(63,104)	(405,977)	4,006,836	6,127,705	5,573,093
Total Fund Equity	$ 44,562	$ 2,657,013	$ (63,104)	$ 194,156	$ 4,006,836	$6,839,462	$ 6,277,028
Total Liabilities and Fund Equity	$ 46,998	$ 4,731,800	$ (58,474)	$ 718,776	$ 4,064,360	$9,503,462	$ 8,520,931

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Industrial Homework Office Fund	Liquor Control Fund	Surplus Property Fund	Vermont Life Magazine Fund	Vermont Home Mortgage Guarantee Board	Totals 1988	Totals 1987
Operating Revenues:							
Charges for Sales and Services	$ 84,072	$28,968,539	$84,058	$1,396,370	$ 453,473	$30,986,513	$31,237,648
Operating Revenue Deductions:							
Cost of Sales and Services	$	$23,606,050	$	$ 714,188	$	$24,320,238	$24,798,074
Operating Expenses:							
Salaries and Wages	67,780		22,328	170,624	89,238	349,973	335,447
Employee Benefits	4,918		4,367	36,772	18,874	64,933	64,522
Transportation			13,266	31,842		45,108	32,504
Warehouse Expense		318,854	12,690			331,544	289,365
Depreciation	5,179		2,258	9,750	5,612	22,801	14,802
Rentals			380		16,740	17,120	18,440
Utilities			1,589		7,140	8,730	8,835
Stores & Agencies Expense		3,330,291				3,330,291	3,308,074
Promotions and Advertising				240,211	11,201	251,413	196,122
Administrative Expenses		762,659	452	202,505	24,964	990,581	827,366
Supplies				16,047	3,794	19,841	22,691
Distribution and Postage				138,108	1,548	139,657	117,937
Travel			5,185	8,212	2,746	16,144	8,097
Loss (Gain on Disposal of Equipment		(7,694)				(7,694)	(2,588)
Bad Debts				564		564	2,647
Loss on Guarantees					20,767	20,767	69,379
Other Operating Expenses		231	14,100	27,761	7,439	49,532	34,451
Total Operating Revenue Deductions	$ 77,878	$28,010,392	$ 76,619	$1,596,591	$ 210,068	$29,971,550	$30,146,172
Operating Income (Loss)	$ 6,193	$ 958,147	$ 7,438	$(200,220)	$ 243,405	$ 1,014,963	$ 1,091,475
Non-Operating Revenues (Expenses):							
License Fees	$	$ 152,963	$	$	$	$ 152,963	$
Sale of Mailing Lists				18,955		18,955	22,860
Investment Income					287,436	287,436	258,513
Inspection & Enforcement		(719,225)				(719,225)	(672,975)
Legislative Appropriations		(327,645)				(327,645)	(327,645)
Other Non-Operating Income		56,579		62,709	7,875	127,163	122,747
Total Non-Operating Revenues (Expenses)	$	$ (837,327)	$	$ 81,664	$ 295,311	$ (460,351)	$ (506,498)
Net Income (Loss)	$ 6,193	$ 120,819	$ 7,438	$(118,556)	$ 538,717	$ 554,612	$ 494,976
Retained Earnings, July 1, as restated	(73,254)	2,536,193	(70,543)	(287,421)	3,468,118	5,573,093	5,078,116
Retained Earnings, June 30	$(67,061)	$ 2,657,013	$(63,104)	$(405,977)	$4,006,836	$ 6,127,705	$5,573,093

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
ENTERPRISE FUNDS
COMBINING STATE OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Industrial Homework Office Fund	Liquor Control Fund	Surplus Property Fund	Vermont Life Magazine Fund	Vermont Home Mortgage Guarantee Board	Totals 1988	Totals 1987
Sources of Working Capital:							
Operations:							
Net Income (Loss)	$6,193	$120,819	$7,438	$(118,556)	$538,717	$554,612	$494,976
Items Not Requiring Working Capital:							
Depreciation	5,179	161,391	2,258	9,750	5,612	184,193	174,009
Working Capital Provided by Operations	$11,372	$282,211	$9,697	$(108,805)	$544,329	$738,805	$668,986
Contributions	7,821					7,821	400
Disposal of Equipment		19,726				19,726	6,126
Capital	$19,193	$301,938	$9,697	$(108,805)	$544,329	$766,353	$675,513
Uses of Working Capital:							
Acquisition of Equipment	15,538	160,197		4,970	10,405	191,111	80,241
Net Increase (Decrease) in Working Capital	$3,655	$141,740	$9,697	$(113,776)	$533,924	$575,242	$595,271
Elements of Net Increase (Decrease) in Working Capital:							
Cash	$7,609	$706,883	$1,903	$(171,808)	$12,026	$556,614	$316,571
Investments					431,594	431,594	496,628
Receivable (Net of Allowances	(3,316)	5,013	1,353	29,943	109,448	142,442	(93,946)
Inventories		(196,256)		52,126		(144,129)	(230,381)
Prepaid Expense		(49,348)		33,318		(16,029)	25,899
Accounts Payable		(286,118)	8,434	(63,327)	431	(340,580)	98,646
Accrued Payroll and Benefits	(637)	(26,932)	(1,994)	5,248	(11,116)	(35,432)	(11,867)
Due to Agents		(11,499)				(11,499)	3,017
Revenues Collected in Advance				722	(8,460)	(7,738)	(9,295)
Net Increase (Decrease) in Working Capital	$3,655	$141,740	$9,697	$(113,776)	$533,924	$575,242	$595,271

The accompanying notes are an integral part of the financial statements.

INTERNAL SERVICE FUNDS

STATE OF VERMONT
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988

	Highway Garage Fund	Correctional Industries Fund	State Information Systems Fund	Central Stores Fund
ASSETS				
Current Assets:				
Cash	$ 1,483,352	$ 361,655	$(3,598,048)	$ (167,572)
Accounts Receivable (Net of Allowances)	87,664	224,765	486,384	47,542
Inventories, at cost	624,680	567,897		164,876
Prepaid Expenses			91,041	
Total Current Assets	$ 2,195,698	$ 1,154,318	$(3,020,622)	$ 44,847
Restricted and Other Assets:				
Accounts Receivable-Deferred	$	$	$ 30,783	$
Funds on Deposit with Escrow Agent	314,731			
Investment in Agri-Mark Cooperative		20,828		
Imprest Fund-Advances from State Treasurer		100		
Total Restricted and Other Assets	$ 314,731	$ 20,928	$ 30,783	$
Fixed Assets:				
Machinery, Equipment, Buildings and Livestock	$ 17,528,070	$ 1,296,717	$ 7,021,269	$ 154,828
Accumulated Depreciation	(7,051,077)	(555,882)	(3,546,745)	(73,235)
Net Machinery, Equipment, Buildings and Livestock	$ 10,476,992	$ 740,834	$ 3,474,523	$ 81,593
Land	26,155			
Total Fixed Assets	$ 10,503,148	$ 740,834	$ 3,474,523	$ 81,593
Total Assets	$ 13,013,577	$1,916,081	$ 484,684	$ 126,440
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current Liabilities:				
Accounts Payable	$ 267,611	$ 162,444	$ 18,970	$ 7,390
Accrued Salaries and Benefits	130,405	70,324	225,089	8,493
Installments Payable on Equipment Purchases-Current Portion	1,095,118		633,187	
Total Current Liabilities	$ 1,493,135	$ 232,769	$ 877,247	$ 15,884
Other Liabilities Payable From:				
Restricted Assets:				
Due to State Treasurer-Imprest Fund Advances		100		
Long Term Liabilities:				
Installments Payable on Equipment Purchases-Non-Current Portion	957,574		158,437	
Total Liabilities	$ 2,450,709	$ 232,869	$ 1,035,684	$ 15,884
Fund Equity:				
Contributed Capital:				
Legislative Appropriations	$ 6,737,752	$ 20,000	$ 623,275	$
Other Funds	133,470	112,128		59,684
Retained Earnings (Deficit)	3,691,644	1,551,082	(1,174,275)	50,871
Total Fund Equity	$ 10,562,868	$1,683,211	$ (551,000)	$ 110,555
Total Liabilities and Fund Equity	$ 13,013,577	$1,916,081	$ 484,684	$ 126,440

The accompanying notes are an integral part of the financial statements.

Copy Center Fund	Tele-communications Fund	Central Support Services Fund	Totals June 30, 1988	Totals June 30, 1987
$ (156,231)	$ (227,031)	$ (591,501)	$ (2,895,377)	$ (1,734,561)
46,909	305,680	304,023	1,502,970	1,035,983
4,319	10,196	223,990	1,595,961	1,519,183
31,171	12,491	13,729	148,433	114,712
$ (73,831)	$ 101,336	$ (49,757)	$ 351,988	$ 935,317
$	$	$	$ 30,783	$ 95,787
			314,731	319,735
			20,828	20,828
			100	100
$	$	$	$ 366,442	$ 436,451
$ 362,221	$ 176,357	$ 558,283	$ 27,097,747	$ 24,577,769
(126,736)	(156,750)	(252,249)	(11,762,677)	(10,214,609)
$ 235,485	$ 19,606	$ 306,033	$ 15,335,070	$ 14,363,160
			26,155	26,155
$ 235,485	$ 19,606	$ 306,033	$ 15,361,226	$ 14,389,316
$ 161,653	$ 120,943	$ 256,276	$ 16,079,657	$ 15,761,084
$ 42,304	$ 114,357	$ 37,291	$ 650,370	$ 464,248
4,491	2,424	37,042	478,272	426,225
			1,728,306	1,930,979
$ 46,796	$ 116,782	$ 74,333	$ 2,856,949	$ 2,821,452
			100	100
			1,116,011	2,844,317
$ 46,796	$ 116,782	$ 74,333	$ 3,973,061	$ 5,665,870
$	$	$	$ 7,381,027	$ 6,543,532
30,441	2,105	68,168	405,999	372,048
84,415	2,055	113,774	4,319,568	3,179,632
$ 114,857	$ 4,161	$ 181,942	$ 12,106,596	$ 10,095,214
$ 161,653	$ 120,943	$ 256,276	$ 16,079,657	$ 15,761,084

STATE OF VERMONT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Highway Garage Fund	Correctional Industries Fund	State Information Systems Fund	Central Stores Fund
Operating Revenues:				
Charges for Sales and Services	$ 6,144,388	$ 1,871,562	$ 5,192,105	$ 403,710
Operating Revenue Deductions:				
Cost of Services	$ 2,050,251	$ 844,139	$	$ 348,396
Operating Expenses:				
Salaries	495,573	623,542	1,698,407	38,043
Fixed Charges - Salaries			413,247	9,775
Supplies and Parts		84,424	223,062	443
Agriculture and Horticulture Supplies.		58,050		
Data Processing Charges			6,578	12,802
Transportation			1,195	238
Telephone/Telegraph			27,446	1,051
Postage			1,961	
Printing and Duplicating			7,407	321
Rental of Data Processing Equipment			390,906	
Other Equipment Rentals				
Equipment Purchased for Agencies			378,463	
Repair and Maintenance	561,072		355,088	2,153
Interest Expense	222,749		185,669	
Administrative Services Division			213,392	
Operating Overhead	486,372			
Depreciation of Equipment	1,689,845	70,333	968,093	36,243
Depreciation (Appreciation) of Dairy Cattle		(11,025)		
Loss (Gain) on Disposal of Fixed Assets.	(195,268)	13,336	17,221	12,077
Mortality Losses-Dairy Cattle		600		
Other Operating Expenses		183,759	152,534	7,620
Total Operating Revenue Deductions	$ 5,310,596	$ 1,867,161	$ 5,040,677	$ 469,167
Operating Income (Loss)	$ 833,791	$ 4,400	$ 151,427	$ (65,457)
Non-Operating Revenues (Expenses):				
Building Rentals	$ 20,457	$	$	$
Equipment Rentals				47,614
Interest Income	41,678			
Other Non-Operating Revenues (Expenses)	(5,470)	4,215		
Total Non-Operating Revenues	$ 56,664	$ 4,215	$	$ 47,614
Income (Loss) Before Operating Transfers	$ 890,456	$ 8,615	$ 151,427	$ (17,843)
Operating Transfers In (Out):				
From (To) General Fund			2,701	
From Transportation Fund			8,700	
From Agency of Natural Resources				
Net Income (Loss)	$ 890,456	$ 8,615	$ 162,828	$ (17,843)
Retained Earnings, July 1	2,801,187	1,542,466	(1,337,103)	70,514
Residual equity transfers out- Telecommunications Fund				(1,800)
Retained Earnings, June 30	$ 3,691,644	$1,551,082	$(1,174,275)	$ 50,871

The accompanying notes are an integral part of the financial statements.

Copy Center Fund	Tele-communications Fund	Central Support Services Fund	Totals 1988	Totals 1987
$ 307,389	$ 1,650,629	$ 1,605,073	$17,174,859	$ 16,627,639
$ 46,388	$ 1,578,352	$ 913,547	$ 5,781,075	$ 5,565,938
55,079	20,670	288,038	3,219,355	2,918,232
16,103	5,040	70,331	514,499	497,528
21,701		53,174	382,806	287,051
			58,050	33,460
199	5,434	7,955	32,969	33,514
	487	4,400	6,322	26,420
416		1,804	30,719	31,742
	39	356	2,357	1,697
	193	9,922	17,844	5,591
7,002	6,333	6,067	410,309	406,868
	1,002	1,997	3,000	50
			378,463	335,291
40,016	3,557	90,223	1,052,112	1,216,327
455			408,874	531,942
6,408	25,887	20,050	265,739	181,306
			486,372	633,429
50,539	1,028	97,534	2,913,618	2,551,782
			(11,025)	(11,050)
15,909		(4,959)	(141,682)	(176,112)
			600	1,876
607	4,308	8,688	357,518	276,106
$ 260,830	$ 1,652,335	$ 1,569,133	$16,169,903	$ 15,348,996
$ 46,558	$ (1,705)	$ 35,939	$ 1,004,955	$ 1,278,643
$	$	$	$ 20,457	$ 19,670
	625		48,239	43,609
			41,678	38,555
			(1,255)	9,420
$	$ 625	$	$ 109,119	$ 111,255
$ 46,558	$ (1,080)	$ 35,939	$ 1,114,074	$ 1,389,898
		1,520	4,221	(8,000)
			8,700	15,013
		14,740	14,740	
$ 46,558	$ (1,080)	$ 52,199	$1,141,735	$ 1,396,911
37,856	3,136	61,574	3,179,632	1,782,720
			(1,800)	
$ 84,415	$ 2,055	$ 113,774	$ 4,319,568	$ 3,179,632

STATE OF VERMONT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Highway Garage Fund	Correctional Industries Fund	State Information Systems Fund	Central Stores Fund
Sources of Working Capital:				
Operations:				
Net Income (Loss)	$ 890,456	$ 8,615	$ 162,828	$ (17,843)
Items Not Requiring (Providing) Working Capital:				
Depreciation	1,733,559	70,551	968,093	36,243
Appreciation		(13,025)		
Working Capital Provided (Used) By Operations	$ 2,624,016	$ 66,142	$ 1,130,921	$ 18,400
Contributions	612,266		257,500	
Disposal of Equipment	178,862	169,408	19,212	27,362
Decrease in Restricted Assets	5,004		65,004	
Total Sources of Working Capital	$ 3,420,149	$ 235,550	$ 1,472,638	$ 45,762
Uses of Working Capital:				
Increase in Restricted Assets	$	$	$	$
Acquisition of Equipment and Buildings	1,646,876	493,425	1,787,914	61,741
Reduction of Long-Term Liabilities	1,095,118		633,187	
Investment in Agri-Mark Cooperative				
Total Uses of Working Capital	$ 2,741,994	$ 493,425	$ 2,421,101	$ 61,741
Net Increase (Decrease) in Working Capital	$ 678,154	$ (257,874)	$ (948,463)	$ (15,978)
Elements of Net Increase (Decrease) in Working Capital:				
Cash	$ 869,730	$ (246,497)	$ (1,386,421)	$ (70,310)
Receivables (Net of Allowances)	49,773	57,615	187,097	18,332
Inventories	(17,370)	31,937		3,944
Prepaid Expenses	(6,325)		1,439	(1,239)
Accounts Payable	(143,395)	(87,854)	18,111	33,837
Accrued Salaries and Benefits	(4,995)	(13,075)	(25,936)	(542)
Installments Payable Current Portion	(69,263)		257,246	
Net Increase (Decrease) in Working Capital	$ 678,154	$ (257,874)	$ (948,463)	$ (15,978)

The accompanying notes are an integral part of the financial statements.

Copy Center Fund	Tele-communications Fund	Central Support Services Fund	Totals 1988	Totals 1987
$ 46,558	$ (1,080)	$ 52,199	$ 1,141,735	$ 1,396,911
50,539	1,028	97,534	2,957,550	2,597,480
			(13,025)	(13,200)
$ 97,098	$ (52)	$ 149,734	$ 4,086,261	$ 3,981,192
			869,766	919,185
31,909		14,284	441,039	141,217
			70,008	225,828
$ 129,008	$ (52)	$ 164,018	$ 5,467,075	$ 5,267,422
$	$	$	$	$ 95,787
156,161	1,061	210,416	4,357,595	2,320,270
			1,728,306	1,940,485
				5,174
$ 156,161	$ 1,061	$ 210,416	$ 6,085,901	$ 4,361,718
$ (27,152)	$ (1,113)	$ (46,397)	$ (618,825)	$ 905,704
$ (41,813)	$ (41,610)	$ (243,891)	$ (1,160,815)	$ 1,064,566
13,360	42,279	98,528	466,987	(89,408)
(1,135)	10,196	49,204	76,777	(76,207)
25,319	4,247	10,278	33,721	(41,635)
(37,123)	(16,354)	46,657	(186,122)	186,337
(450)	128	(7,175)	(52,046)	(29,273)
14,689			202,672	(108,674)
$ (27,152)	$ (1,113)	$ (46,397)	$ (618,825)	$ 905,704

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FIDUCIARY FUNDS

STATE OF VERMONT
COMBINING BALANCE SHEET-ALL FIDUCIARY FUNDS
JUNE 30, 1988

	Pension Trust Funds	Nonexpendable Trust Funds	
		Endowment Principal	Revolving Loan
ASSETS			
Cash	$ (1,570,079)	$ 26,567	$ 794,910
Investments	519,181,619	364,347	
Receivables:			
Contributions	488,043		
Investment Principal and Interest	13,174,136		
Loans			1,533,383
Other			
Total Assets	$ 531,273,719	$ 390,914	$ 2,328,294
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 8,380,932	$	$
Transfers Payable			
Due to Depositories			
Deferred Revenue			
Amounts Held in Custody for Others			
Other Liabilities			
Total Liabilities	$ 8,380,932	$	$
Fund Balances:			
Reserved for Loans	$	$	$ 2,328,294
Reserved for Endowments		390,914	
Reserved for Pension Benefits	522,892,787		
Reserved for Unemployment Compensation Benefits			
Reserved for Contingencies			
Total Fund Balances	$ 522,892,787	$ 390,914	$ 2,328,294
Total Liabilities and Fund Balances	$ 531,273,719	$ 390,914	$ 2,328,294

The accompanying notes are an integral part of the financial statements.

Expendable Trust Funds		Totals	
Endowment Revenues	Agency Fund	June 30, 1988	June 30, 1987
$159,894,676	$ 438,531	$ 159,584,605	$114,067,578
65,947	100,927,225	620,539,140	546,378,055
17,501,681		17,989,724	19,714,184
71		13,174,207	10,393,456
		1,533,383	959,871
100,276	49,305	149,581	91,239
$177,562,652	$ 101,415,061	$ 812,970,643	$691,604,386
$ 210,950	$ 1,828	$ 8,593,711	$ 3,714,497
			136,374
	445,928	445,928	501,036
3,114,340		3,114,340	2,697,823
	100,927,225	100,927,225	86,596,531
248,007	40,080	288,087	261,590
$ 3,573,297	$ 101,415,061	$ 113,369,292	$ 93,907,851
$	$	$ 2,328,294	$ 2,236,502
21,096,527		21,487,442	19,796,509
		522,892,787	465,024,133
152,464,176		152,464,176	110,225,177
428,651		428,651	414,212
$ 173,989,354	$	$699,601,351	$597,696,534
$ 177,562,652	$ 101,415,061	$812,970,643	$691,604,386

STATE OF VERMONT
PENSION TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund	Totals June 30, 1988	Totals June 30, 1987
ASSETS					
Cash	$ (1,134,465)	$ (1,525,180)	$ 1,089,566	$ (1,570,079)	$ (1,186,770)
Investments	231,035,322	267,147,900	20,998,396	519,181,619	459,005,885
Receivables:					
Pension Contributions	46,110	70,602	371,330	488,043	449,849
Investment Principal and Interest	7,958,708	4,761,111	454,316	13,174,136	10,393,456
Total Assets	$237,905,675	$270,454,434	$ 22,913,609	$531,273,719	$468,662,420
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 5,086,516	$ 3,102,515	$ 191,900	$ 8,380,932	$ 3,638,287
Fund Balances:					
Reserved for Pension Benefits	232,819,159	267,351,918	22,721,709	522,892,787	465,024,133
Total Liabilities and Fund Balances	$237,905,675	$270,454,434	$22,913,609	$531,273,719	$468,662,420

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
PENSION TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund	Totals 1988	Totals 1987
Operating Revenues:					
Investment Income	$ 15,404,296	$ 17,894,101	$ 1,279,595	$ 34,577,994	$ 33,073,160
Employee Contributions	873,893	688,828	685,762	2,248,485	2,288,113
State of Vermont Contributions	17,445,570	17,186,259		34,631,830	33,002,243
Other Employer Contributions	271,176		970,100	1,241,277	1,122,000
Gain on Investment Transactions	9,395,768	7,569,782	809,779	17,775,330	15,283,624
Other Income	1,053	14,922		15,976	101
Total Operating Revenues	$ 43,391,760	$ 43,353,895	$ 3,745,238	$ 90,490,894	$ 84,769,244
Operating Expenses:					
Benefit Payments	$ 11,902,549	$ 13,255,280	$ 454,101	$ 25,611,931	$ 23,695,463
Refunds	1,071,328	1,963,686	243,863	3,278,878	482,475
Administrative and Other Expenses	1,884,356	1,715,152	131,919	3,731,429	3,398,473
Total Operating Expenses	$ 14,858,234	$ 16,934,120	$ 829,885	$ 32,622,240	$ 27,576,412
Net Income	$ 28,533,525	$ 26,419,774	$ 2,915,353	$ 57,868,654	$ 57,192,831
Fund Balances, July 1	204,285,633	240,932,143	19,806,355	465,024,133	407,831,301
Fund Balances, June 30	$232,819,159	$267,351,918	$22,721,709	$522,892,787	$ 465,024,133

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Muncipal Employees' Retirement Fund	Totals 1988	Totals 1987
Source of Working Capital:					
Operations - Net Income	$ 28,533,525	$ 26,419,774	$ 2,915,353	$ 57,868,654	$57,192,831
Elements of Net Increase(Decrease) in Working Capital:					
Cash	$ (412,068)	$ (773,704)	$ 802,464	$ (383,308)	$ (2,774,507)
Investments	29,040,358	29,246,522	1,888,853	60,175,734	50,245,766
Receivables	3,303,167	(900,230)	415,936	2,818,873	(5,685,111)
Accounts Payable	(3,397,931)	(1,152,813)	(191,900)	(4,742,645)	15,406,684
Net Increase in Working Capital	$ 28,533,525	$ 26,419,774	$ 2,915,353	$ 57,868,654	$57,192,831

The accompanying notes are an integral part of the financial statements.

STATE OF VERMONT
NONEXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988

	Endowment Principal				
	Vermont Sanitorium Fund	Albert C. Lord Trust Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Carrie P. Underwood Fund
ASSETS					
Cash	$ 943	$	$ 1,065	$ 1,000	$ 10,000
Investments	201,303	163,044			
Loans Receivable					
Total Assets	$202,246	$ 163,044	$ 1,065	$ 1,000	$ 10,000
LIABILITIES AND FUND BALANCES					
Liabilities					
Transfers Payable	$	$	$	$	$
Total Liabilities	$	$	$	$	$
Fund Balances					
Reserved for Loans	$	$	$	$	$
Reserved for Endowments	202,246	163,044	1,065	1,000	10,000
Total Fund Balances	$202,246	$ 163,044	$ 1,065	$ 1,000	$10,000
Total Liabilities and Fund Balances	$202,246	$ 163,044	$ 1,065	$ 1,000	$10,000

The accompanying notes are an integral part of the financial statements.

Couching Lion Farm Cemetery Fund	Laura H. Morgan Fund	Lumberjack Fund	Total Endowment Principal	Revolving Loan: Vermont Rehabilitation Corp.	Revolving Loan: Municipal Heavy Equipment Loan Fund	Revolving Loan: Total Revolving Loan	Totals: June 30, 1988	Totals: June 30, 1987
$1,930	$ 2,500	$ 9,129	$ 26,567	$ 61,644	$ 733,266	$ 794,910	$ 821,477	$1,444,687
			364,347				364,347	355,996
				135,441	1,397,941	1,533,383	1,533,383	959,871
$1,930	$ 2,500	$ 9,129	$ 390,914	$197,086	$2,131,207	$ 2,328,294	$2,719,208	$ 2,760,554
$	$	$	$	$	$	$	$	$ 136,374
$	$	$	$	$	$	$	$	$ 136,374
$	$	$	$	$197,086	$2,131,207	$2,328,294	$2,328,294	$2,236,502
1,930	2,500	9,129	390,914				390,914	387,678
$1,930	$ 2,500	$ 9,129	$ 390,914	$197,086	$2,131,207	$2,328,294	$2,719,208	$2,624,180
$1,930	$ 2,500	$ 9,129	$ 390,914	$197,086	$2,131,207	$2,328,294	$2,719,208	$2,760,554

STATE OF VERMONT
NONEXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Endowment Principal				
	Vermont Sanatorium Fund	Albert C. Lord Trust Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Carrie P. Underwood Fund
Operating Revenues:					
Investment Income	$ 20,825	$ 25,750	$ 57	$ 53	$ 539
Bad Debt Recovery					
Gain on Investment Transactions		3,236			
Total Operating Revenues	$ 20,825	$ 28,987	$ 57	$ 53	$ 539
Operating Expenses:					
Per Diem and Mileage	$	$	$	$	$
Other Expenses					
Total Operating Expenses	$	$	$	$	$
Income(Loss) Before Operating Transfers	$ 20,825	$ 28,987	$ 57	$ 53	$ 539
Operating Transfers In(Out)	(20,825)	(25,750)	(57)	(53)	(539)
Net Income (Loss)	$ 0	$ 3,236	$ 0	$ 0	$ 0
Fund Balance, July 1	202,246	159,807	1,065	1,000	10,000
Fund Balance, June 30	$ 202,246	$ 163,044	$ 1,065	$ 1,000	$ 10,000

The accompanying notes are an integral part of the financial statements.

				Revolving Loan			Totals	
Couching Lion Farm Cemetery Fund	Laura H. Morgan Fund	Lumberjack Fund	Total Endowment Principal	Vermont Rehabilitation Corp.	Municipal Heavy Equipment Loan Fund	Total Revolving Loan	1988	1987
$ 647	$ 144	$ 696	$ 48,714	$ 8,922	$ 64,936	$ 73,858	$ 122,573	$ 123,098
				20,000		20,000	20,000	
			3,236				3,236	4,268
$ 647	$ 144	$ 696	$ 51,951	$ 28,922	$ 64,936	$ 93,858	$ 145,810	$ 127,366
$	$	$	$	$ 1,608	$	$ 1,608	$ 1,608	$ 1,027
				458		458	458	133
$	$	$	$	$ 2,067	$	$ 2,067	$ 2,067	$ 1,160
$ 647	$ 144	$ 696	$ 51,951	$ 26,854	$ 64,936	$ 91,791	$ 143,743	$ 126,206
(647)	(144)	(696)	(48,714)				(48,714)	1,952,705
$ 0	$ 0	$ 0	$ 3,236	$ 26,854	$ 64,936	$ 91,791	$ 95,028	$2,078,911
1,930	2,500	9,129	387,678	170,231	2,066,270	2,236,502	2,624,180	545,268
$ 1,930	$ 2,500	$9,129	$390,914	$197,086	$2,131,207	$2,328,294	$2,719,208	$2,624,180

STATE OF VERMONT
NONEXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Endowment Principal				
	Vermont Sanatorium Fund	Albert C. Lord Trust Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Carrie P. Underwood Fund
Source of Working Capital:					
Operations - Net Income	$	$ 3,236	$	$	$
Elements of Net Increase(Decrease) in Working Capital:					
Cash	$ (5,114)	$	$	$	$
Investments	5,114	3,236			
Receivables					
Payables					
Net Increase (Decrease) in Working Capital	$	$ 3,236	$	$	$

The accompanying notes are an integral part of the financial statements.

	Couching Lion Farm Cemetery Fund	Laura H. Morgan Fund	Lumberjack Fund	Total Endowment Principal	Revolving Loan: Vermont Rehabilitation Corp.	Revolving Loan: Muncipal Heavy Equipment Loan Fund	Revolving Loan: Total Revolving Loan	Totals: 1988	Totals: 1987
	$	$	$	$ 3,236	$ 26,854	$ 64,936	$ 91,791	$ 95,028	$2,078,911
	$	$	$	$ (5,114)	$ 44,910	$ (663,004)	$ (618,094)	$ (623,209)	$ 1,402,442
				8,351				8,351	(3,176)
					(18,055)	591,567	573,512	573,512	812,637
						136,374	136,374	136,374	(132,991)
	$	$	$	$ 3,236	$ 26,854	$ 64,936	$ 91,791	$ 95,028	$ 2,078,911

STATE OF VERMONT
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988

	Unemployment Compensation Fund	Property Tax Relief Trust Fund	Medical Insurance Fund	Dental Insurance Fund	Life Insurance Fund	Independence Fund
ASSETS						
Cash	$ 138,529,134	$7,479,050	$ 406,185	$946,289	$803,073	$ 339,464
Investments						
Accrued Interest Purchased						
Receivables:						
Contributions	17,501,681					
Other						
Total Assets	$ 156,030,815	$7,479,050	$ 406,185	$946,289	$803,073	$ 339,464
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 204,292	$	$	$	$	$
Accrued Salaries & Benefits	248,007					
Deferred Revenue	3,114,340					
Total Liabilities	$ 3,566,639	$	$	$	$	$
Fund Balances:						
Reserved for Endowments	$	$7,479,050	$ 406,185	$946,289	$803,073	$ 339,464
Reserved for Unemployment Compensation Benefits	152,464,176					
Reserved for Contingencies						
Total Fund Balances	$ 152,464,176	$7,479,050	$ 406,185	$946,289	$803,073	$ 339,464
Total Liabilities and Fund Balances	$ 156,030,815	$7,479,050	$ 406,185	$946,289	$803,073	$ 339,464

The accompanying notes are an integral part of the financial statements.

Vt. State Dairy Industry Fund	Exxon Settlement Fund	Stripper Well Settlement Fund	All Other Expendable Trust Funds	Totals June 30, 1988	Totals June 30, 1987
$ 240,276	$3,722,494	$2,631,361	$4,797,346	$159,894,676	$113,297,802
			65,947	65,947	419,642
			71	71	
				17,501,681	19,264,335
			100,276	100,276	54,898
$ 240,276	$3,722,494	$2,631,361	$4,963,641	$177,562,652	$133,036,678
$	$	$	$ 6,658	$ 210,950	$ 76,210
				248,007	214,425
				3,114,340	2,697,823
$	$	$	$ 6,658	$ 3,573,297	$ 2,988,458
$ 240,276	$3,722,494	$2,631,361	$4,528,331	$ 21,096,527	$ 19,408,831
				152,464,176	110,225,177
			428,651	428,651	414,212
$ 240,276	$3,722,494	$2,631,361	$4,956,982	$173,989,354	$130,048,220
$ 240,276	$3,722,494	$2,631,361	$4,963,641	$177,562,652	$133,036,678

STATE OF VERMONT
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Unemployment Compensation Fund	Property Tax Relief Trust Fund	Medical Insurance Fund	Dental Insurance Fund	Life Insurance Fund	Independence Fund
Operating Revenues:						
Contributions	$ 56,550,932	$	$	$	$	$
Investment Income	9,928,416	561,778	74,421	35,546	33,028	32,172
Unclaimed Tickets						
Insurance Claims						
Taxes and Assessments		3,628,645				
Abandoned Property						
Insurance Premiums Collected			10,231,829	1,732,374	535,160	
Other	705,661					
Total Operating Revenues	$ 67,185,009	$ 4,190,423	$10,306,250	$ 1,767,921	$ 568,188	$ 32,172
Operating Expenses:						
Salaries and Administrative Fees	$	$ 270,000	$ 165,347	$ 17,768	$ 5,401	$
Benefit Payments	24,005,319	11,084,280				
Insurance Claims			11,191,655	1,357,051	412,466	
Insurance Premiums			450,800	150,533	1,091	
Fire Loss						
Other	639,980					
Total Operating Expenses	$ 24,645,299	$ 11,354,280	$11,807,802	$ 1,525,353	$ 418,958	$
Excess (Deficiency) of Revenue Over Expenditures	$ 42,539,710	$ (7,163,857)	$(1,501,551)	$ 242,568	$ 149,229	$ 32,172
Other Financing Sources (Uses):						
Operating Transfers In	$ 400,000	$ 8,913,834	$	$	$	$ 400,000
Operating Transfers (Out)	(700,711)					(350,000)
Fund Additions						
Total Other Financing Sources (Uses)	$ (300,711)	$ 8,913,834	$	$	$	$ 50,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	$ 42,238,999	$ 1,749,977	$ (1,501,551)	$ 242,568	$ 149,229	$ 82,172
Fund Balances, July 1	110,225,177	5,729,072	1,907,736	703,721	653,843	257,292
Fund Balances, June 30	$152,464,176	$ 7,479,050	$ 406,185	$ 946,289	$ 803,073	$ 339,464

The accompanying notes are an integral part of the financial statements.

Vt. State Dairy Industry Fund	Exxon Settlement Fund	Stripper Well Settlement Fund	All Other Expendable Trust Funds	Totals 1988	Totals 1987
$	$	$	$	$ 56,550,932	$ 61,748,069
7,988	309,526	164,041	263,661	11,410,581	8,013,470
			31,537	31,537	36,339
			1,713,231	1,713,231	80,000
2,246,367				5,875,012	4,782,503
			247,161	247,161	102,574
				12,499,364	11,149,761
				705,661	564,634
$ 2,254,355	$ 309,526	$ 164,041	$ 2,255,593	$ 89,033,482	$ 86,477,353
$	$	$	$ 40,388	$ 498,905	$ 449,395
			51,215	35,140,815	35,271,172
				12,961,172	10,564,715
				602,425	569,502
			87,774	87,774	
			43,915	683,895	457,614
$	$	$	$ 223,293	$ 49,974,988	$ 47,312,399
$ 2,254,355	$ 309,526	$ 164,041	$ 2,032,299	$ 39,058,494	$ 39,164,953
$	$	$ 381,198	$ 1,207,812	$ 11,302,846	$ 9,577,386
(2,305,214)	(1,516,500)		(1,547,780)	(6,420,206)	(5,174,223)
					2,542,883
$ (2,305,214)	$ (1,516,500)	$ 381,198	$ (339,967)	$ 4,882,639	$ 6,946,047
$ (50,858)	$ (1,206,973)	$ 545,239	$ 1,692,331	$ 43,941,134	$ 46,111,000
291,135	4,929,468	2,086,121	3,264,650	130,048,220	83,937,219
$ 240,276	$ 3,722,494	$2,631,361	$ 4,956,982	$ 173,989,354	$130,048,220

STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Balance July 1, 1987	Additions	Deductions	Balance June 30, 1988
RETIREMENT SYSTEM CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ 56	$ 18,300,020	$ 18,300,126	$ (49)
Accounts Receivable		49		49
Total Assets	$ 56	$ 18,300,070	$ 18,300,126	$
LIABILITIES				
Due to Depositories	$ 56	$ 18,300,070	$ 18,300,126	$
FEDERAL INCOME TAX WITHHOLDINGS FUND				
ASSETS				
Cash	$ (21)	$ 21,180,630	$21,180,276	$ 332
Accounts Receivable	21		21	
Total Assets	$	$ 21,180,630	$21,180,298	$ 332
LIABILITIES				
Due to Depositories	$	$ 21,180,630	$21,180,298	$ 332
STATE INCOME TAX WITHHOLDINGS FUND				
ASSETS				
Cash	$ 390,544	$ 5,282,431	$ 5,295,239	$ 377,735
LIABILITIES				
Due to Depositories	$ 390,544	$ 5,282,431	$ 5,295,239	$ 377,735
SOCIAL SECURITY TAX CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ 66,893	$ 24,336,701	$ 24,341,774	$ 61,820
LIABILITIES				
Due to Depositories	$ 66,893	$ 24,336,701	$ 24,341,774	$ 61,820
EMPLOYEES CREDIT UNION WITHHOLDINGS FUND				
ASSETS				
Cash	$ 98	$ 25,710,701	$ 25,710,701	$ 98
LIABILITIES				
Due to Depositories	$ 98	$ 25,710,701	$ 25,710,701	$ 98
EMPLOYEES INSURANCE CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ 39,425	$ 11,698,441	$ 11,736,206	$ 1,660
LIABILITIES				
Due to Depositories	$ 39,425	$ 11,698,441	$ 11,736,206	$ 1,660
EMPLOYEES DEFERRED INCOME WITHHOLDINGS FUND				
ASSETS				
Cash	$	$ 3,431,939	$ 3,431,939	$
LIABILITIES				
Due to Depositories	$	$ 3,431,939	$ 3,431,939	$

	Balance July 1, 1987	Additions	Deductions	Balance June 30, 1988
OTHER EMPLOYEE WITHHOLDINGS FUNDS				
ASSETS				
Cash	$ (6,881)	$ 1,043,660	$ 1,042,857	$ (6,077)
Accounts Receivable	10,898		540	10,358
Total Assets	$ 4,017	$ 1,043,660	$ 1,043,397	$ 4,280
LIABILITIES				
Due to Depositories	$ 4,017	$ 1,043,660	$ 1,043,397	$ 4,280
UNIDENTIFIED RECEIPTS FUND				
ASSETS				
Cash	$ (25,418)	$ 985,850	$ 999,328	$ (38,897)
Accounts Receivable	25,418	13,478		38,897
Total Assets	$	$ 999,328	$ 999,328	$
LIABILITIES				
Other Liabilities	$	$ 999,328	$ 999,328	$
DEFERRED COMPENSATION FUND				
ASSETS				
Investments, at Market	$20,520,223	$ 4,642,367	$ 1,106,233	$ 24,056,357
LIABILITIES				
Amounts Held in Custody for Others	$20,520,223	$ 4,642,367	$ 1,106,233	$ 24,056,357
SINGLE DEPOSIT INVESTMENT FUND				
ASSETS				
Investments, at Cost	$66,076,307	$ 11,458,371	$ 663,811	$ 76,870,867
LIABILITIES				
Amounts Held in Custody for Others	$66,076,307	$ 11,458,371	$ 663,811	$ 76,870,867
VENDOR AND OTHER DEPOSITS FUND				
ASSETS				
Cash	$ 47,162	$ 145,382	$ 150,636	$ 41,908
Accounts Receivable	2		2	
Total Assets	$ 47,165	$ 145,382	$ 150,638	$ 41,908
LIABILITIES				
Accounts Payable	$	$ 1,828	$	$ 1,828
Other Liabilities	47,165	143,553	150,638	40,080
Total Liabilities	$ 47,165	$ 145,382	$ 150,638	$ 41,908
TOTALS-ALL AGENCY FUNDS				
ASSETS				
Cash	$ 511,859	$112,115,759	$ 112,189,087	$ 438,531
Accounts Receivable	36,341	13,528	564	49,305
Investments	86,596,531	16,100,739	1,770,045	100,927,225
Total Assets	$87,144,732	$128,230,027	$ 113,959,697	$101,415,061
LIABILITIES				
Accounts Payable	$	$ 1,828	$	$ 1,828
Due to Depositories	501,036	110,984,577	111,039,685	445,928
Amounts Held in Custody for Others	86,596,531	16,100,739	1,770,045	100,927,225
Other Liabilities	47,165	1,142,882	1,149,967	40,080
Total Liabilities	$87,144,732	$128,230,027	$ 113,959,697	$101,415,061

The accompanying notes are an integral part of the financial statements.